BUILDING ON IDEAS

FINANCIAL STATEMENTS FOR 2017/18

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CONTENTS

Austria, Schwechat: OMV office building

BALANCE SHEET

AS OF 31 MARCH 2018

ASSETS

	31/3/2018 EUR	31/3/2017 kEUR
A. Non-current assets:		
I. Intangible assets	735,086.07	552
II. Tangible fixed assets:		
1. Land, land rights and buildings, including buildings on third-party land	42,773,810.03	45,521
2. Technical equipment and machinery	53,982,553.20	46,946
3. Other equipment, operating and office equipment	7,118,720.68	6,449
4. Prepayments and assets under construction	13,383,265.28	3,373
	117,258,349.19	102,288
III. Non-current financial assets:		
1. Shares in affiliated companies	57,706,671.27	60,090
2. Loans to affiliated companies	393,750.00	530
3. Other non-current equity investments	9,934,678.10	9,617
4. Loans to other non-current investees and investors	6,983,962.43	2,766
5. Non-current (book-entry) securities	6,064,068.67	1,351
	81,083,130.47	74,354
	199,076,565.73	**177,195**
B. Current assets:		
I. Unfinished construction work	625,323,118.15	607,938
Advances received	-582,947,877.70	-560,207
	42,375,240.45	47,731
II. Inventories:		
1. Raw materials, consumables and supplies	11,522,392.73	13,286
2. Undeveloped land	15,123,950.20	12,222
3. Real estate	12,529,079.53	5,028
4. Prepayments	692,478.37	0
	39,867,900.83	30,536
III. Receivables and other assets:		
1. Trade receivables	62,283,630.17	62,107
of which due after one year	*1,034,038.00*	*3,720*
2. Receivables from project consortiums	16,143,106.13	16,778
3. Receivables from affiliated companies	98,760,386.86	105,976
of which due after one year	*21,500,000.00*	*21,300*
4. Receivables from other non-current investees and investors	6,508,131.32	7,081
5. Other receivables and other assets	7,109,044.65	7,444
of which due after one year	*1,285,978.49*	*1,344*
	190,804,299.13	199,385
IV. Securities and shares:		
Other securities and shares	98,594,000.00	38,594
V. Cash-in-hand, bank balances	139,148,201.90	133,596
	510,789,642.31	**449,843**
C. Prepaid expenses	**601,552.77**	**992**
D. Deferred taxes	**5,184,976.42**	**5,827**
	715,652,737.23	**633,857**

EQUITY AND LIABILITIES

	31/3/2018 EUR	31/3/2017 kEUR
A. Equity:		
I. Called up and paid nominal capital (Registered capital)	7,705,000.01	7,705
II. Capital reserves:		
1. Allocated capital reserves	402,344.72	402
2. Unallocated capital reserves	57,867,111.19	57,867
	58,269,455.91	58,269
III. Revenue reserves:		
1. Legal reserve	480,076.74	480
2. Reserves provided for by the articles of association	3,852,500.00	3,853
3. Other reserves (distributable reserves)	31,815,452.89	31,815
	36,148,029.63	36,148
IV. Net retained profits	73,222,168.52	47,279
of which retained profits brought forward	*37,278,929.56*	*8,364*
	175,344,654.07	**149,401**
B. Provisions:		
1. Provisions for severance payments	18,273,192.00	18,080
2. Provisions for pensions	56,220.00	65
3. Provisions for taxes	8,958,000.00	1,355
4. Other provisions	45,018,934.66	38,785
	72,306,346.66	**58,286**
C. Liabilities:		
1. Bond	74,088,000.00	129,641
of which due within one year	*0.00*	*55,553*
of which due after one year	*74,088,000.00*	*74,088*
2. Hybrid bond	70,000,000.00	70,000
of which due within one year	*70,000,000.00*	*70,000*
3. Liabilities to banks	26,621.44	5
of which due within one year	*26,621.44*	*5*
4. Payments received on account of orders	51,990,155.98	45,086
of which due within one year	*51,990,155.98*	*45,086*
5. Trade payables	166,305,149.36	142,500
of which due within one year	*147,658,865.36*	*126,593*
of which due after one year	*18,646,284.00*	*15,907*
6. Liabilities to project consortiums	3,698,012.55	4,975
of which due within one year	*3,698,012.55*	*4,975*
7. Liabilities to affiliated companies	75,904,266.85	7,247
of which due within one year	*75,904,266.85*	*7,247*
8. Liabilities from other non-current investees and investors	615,326.11	485
of which due within one year	*615,326.11*	*485*
9. Other liabilities	25,374,204.21	26,231
of which taxes	*3,689,558.71*	*2,631*
of which social security	*554,678.16*	*650*
of which due within one year	*25,011,236.19*	*25,174*
of which due after one year	*362,968.02*	*1,058*
	468,001,736.50	**426,170**
of which due within one year	*304,904,484.48*	*265,117*
of which due after one year	*163,097,252.02*	*161,053*
	715,652,737.23	**633,857**

INCOME STATEMENT

FOR THE FINANCIAL YEAR 2017/18

	2017/18 EUR	2016/17 kEUR
1. Revenue	1,068,769,010.58	1,008,998
2. Increase or decrease in finished and unfinished goods inventories	26,159,849.98	-1,585
3. Other own work capitalised	3,165,542.16	4,556
4. Other operating income:		
a) Income from the disposal of fixed assets with the exception of financial assets	1,534,277.78	732
b) Income from the reversal of provisions	0.00	1,057
c) Other	6,803,816.32	5,829
	8,338,094.10	7,619
5. Expenses for material and other purchased construction services:		
a) Cost of materials	-213,284,414.83	-204,061
b) Cost of purchased services	-495,360,988.33	-441,201
	-708,645,403.16	-645,263
6. Personnel expenses:		
a) Wages	-129,315,856.77	-122,077
b) Salaries	-102,093,925.59	-97,173
c) Social security expenses	-64,741,948.55	-63,959
of which for pension	*-3,225.98*	*-11*
of which for expenses for severance payments and payments into employee welfare funds	*-6,355,386.39*	*-8,937*
of which for expenses for mandatory social security contributions, income-based and compulsory contributions	*-54,987,212.34*	*-51,844*
	-296,151,730.91	-283,209
7. Depreciation and amortisation of intangible assets and tangible fixed assets	-21,352,420.33	-22,078
8. Other operating expenses:		
a) Taxes, not falling under 18	-686,665.42	-580
b) Other	-70,795,970.01	-63,026
	-71,482,635.43	-63,605
9. Subtotal from rows 1 to 8 **(operating result)**	**8,800,306.99**	**5,433**

Hungary, Budapest: metro line M5

	2017/18 EUR	2016/17 kEUR
10. Income from non-current equity investments	44,626,517.33	37,975
of which from affiliated companies	*39,207,244.62*	*33,424*
11. Income from other securities and loans from non-current financial assets	2,181,862.52	2,270
12. Other interest and similar income	2,699,385.47	2,576
of which from affiliated companies	*1,745,560.80*	*1,805*
13. Income from the disposal of and reversals of write-downs of non-current financial assets and current securities	1,604.16	4,150
14. Losses from financial assets	-9,225,226.72	-12,476
of which write-downs	*-2,675,797.01*	*-431*
of which losses from affiliated companies	*-6,549,429.71*	*-12,002*
15. Interest and similar expenses	-8,171,213.47	-10,931
of which from affiliated companies	*-668,492.62*	*-382*
16. Subtotal from rows 10 to 15 **(financial result)**	**32,112,929.29**	**23,565**
17. Earnings before tax	**40,913,236.28**	**28,997**
18. Taxes on income and earnings	-4,969,997.32	9,917
of which deferred taxes	*-642,466.58*	*7,117*
19. Earnings after tax = Net income for the financial year	**35,943,238.96**	**38,914**
20. Retained profits brought forward	37,278,929.56	8,364
21. Net retained profits	**73,222,168.52**	**47,279**

NOTES FOR THE FINANCIAL YEAR 2017/18

OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

I. General principles

The financial statements for 2017/18 have been generated in accordance with the regulations of the Austrian Business Enterprise Code (UGB).

In the case of assets and liabilities that fall under several items in the balance sheet, the affiliation to other items in the notes has been indicated.

The income statement has been drawn up using the total cost method.

The valuation methods used have also been retained during the generation of these financial statements.

Estimates are based on a prudent assessment. To the extent that statistically ascertainable experiences from similar circumstances are present, these have been taken into account in estimations.

Until 31 March 2009, the company was a member of a corporate group under Section 9 (8) of the Austrian Corporation Tax Act (KStG) 1988, hereinafter also referred to as BGBl 180/2004. Due to the merger of the group leader TRIAS Holding GmbH to form SWIETELSKY Baugesellschaft m.b.H. on 31 March 2009, as of the 2010 assessment SWIETELSKY Baugesellschaft m.b.H. is now the leader of a corporate group under Section 9 KStG.

The group leader apportions the corporate tax sums generated by the group members to the group members and losses are recorded on the level of the group member. In the event of subsequent variations in tax requirements, the tax passed on to the group members will be adjusted (only if significant).
The charging of tax allocations results in a reduction in tax expenditure in the income statement of the group leader.

The company is the controlling company of the SWIETELSKY Group. The consolidated financial statement is available with the Linz commercial register.

The company is a large company limited by shares according to § 221 UGB.

The amounts in the notes for the financial year are set out in kEUR, which can result in rounding differences.
The term employee in the financial statements refers collectively to both male and female employees. Any other gender-specific designations should otherwise also be understood as referring to both sexes.

II. Accounting and valuations methods

The financial statements were generated with consideration for the generally accepted accounting principles and with consideration for the general norm, to provide as truthful a description of the assets, finances and income of the company as possible.

The financial statements were compiled in accordance with the principle of completeness.

When measuring the various assets and liabilities, the principle of item-by-item measurement was adhered to and the continuation of the company was assumed.

Under the principle of prudence, it has been ensured that only the gains generated on the balance sheet date are disclosed. All identifiable risks and expected losses have been taken into account.

The valuation methods used so far have been retained.

Non-current assets

Intangible assets, if purchased for consideration, are recognised at cost and depreciated as scheduled. Self-developed intangible assets and low-value assets (individual purchase cost below EUR 400.00) are recognised immediately as an expense. Intangible assets are depreciated over 3 years.

Tangible fixed assets are recognised at acquisition or production costs, which are reduced by depreciation. The low-value assets up to EUR 400.00 are fully depreciated in the year of acquisition. In accordance with tax regulations, a full annual depreciation is made for additions in the first half-year, half-year depreciation for additions in the second half-year.

The following useful lifes are used for the scheduled depreciation:

	Years
Buildings, including buildings on third-party land	10 – 50
Technical equipment and machinery	2 – 15
Other equipment, operating and office equipment	2 – 15

The mineral-bearing land will depreciate based on its depletion.

Extraordinary depreciation of a lower fair value as of the balance sheet date is made if the impairment is probable.

Write-ups of non-current assets are made when reasons for impairment losses have been permanently eliminated. The write-up is made at a maximum of depreciated cost, which would result from scheduled depreciation, in the meantime.

Direct costs and proportional overheads and depreciation will be included in the historical costs of self-constructed assets.

Shares in affiliated companies, loans and equity investments were recognised at acquisition costs less impairment losses.

Non-current (book-entry) securities are measured at their historical cost. Securities in a foreign currency are measured on the balance sheet date using the lower exchange rate.

Current assets

Inventories were measured at their historical cost with consideration for the principle of lower of cost or market.

Unfinished construction work is measured at its historical cost including the wages, construction materials, third-party services, equipment depreciation and on-site overheads. If the historical costs surpass the contractual prices, they will be measured at the lower contractual prices. Consideration is given to identifiable risks in the later stages until completion by means of separate reductions.

General management expenses, employee benefit expenses, company pension scheme expenses and interest on borrowed capital have not been capitalised. No management or sales costs have been recorded, even for contracts which will take longer than 12 months to perform.

Receivables and other assets are recorded at their nominal value. Receivables in foreign currencies are measured using the strict principle of lower of cost or market. In the event of identifiable individual risks, the lower fair value is recorded. An allowance has been recognised in order to take general credit risks into consideration.

Current securities are valued at acquisition cost or at the lower exchange rate as of the balance sheet date.

Write-ups of current assets are made when the reasons for the impairment losses have been permanently eliminated.

Deferred taxes are recognised according to the balance sheet concept according to § 198 (9) and (10) of the Austrian Commercial Code (UGB) without discounting on the basis of the current corporation tax rate of 25%. Deferred taxes on tax loss carryforwards are not recognised. The deferred tax resulting from the changeover to 1/4/2016 was immediately recorded in accordance with § 906 (34) UGB.

Provisions

Provisions for severance payments were calculated according to actuarial principles using the projected unit credit method in accordance with the International Financial Reporting Standard IFRS (IAS 19). The calculation is based on uniform retirement age of 60 years for women and 65 years for men (previous year: 60/65), an actuarial interest rate of 2.0% (previous year: 1.85%) as well as a salary-related promise of salary increase of 2.5% (previous year: 2.0%). Actuarial gains and losses are recognised in income.

Provisions for pensions were calculated according to IAS 19, using the projected unit credit method based on an actuarial interest rate of 2.0% (previous year: 1.85%) and the AVOE 2008-P Employees – Calculation Basis for Pension Insurance.

The interest rate for all social capital provisions is an interest rate based on market rates of companies with high credit ratings. Interest expenses from provisions for social capital as well as effects from a change in the interest rate are recognised in the operating result.

The increase in provisions for severance payments resulting from the first-time application of the new regulations pursuant to the AFRAC statement at the beginning of financial year 2016/17 was fully recorded in the financial year 2016/17 in accordance with § 906 (33) UGB.

Other provisions, taking into account the principle of prudence, all risks identifiable at the time balance sheet was prepared are taken into account, along with unknown liabilities with quantities, based on magnitude and reason that are necessary according to a reasonable business assessment.

Liabilities

Liabilities are measured at their settlement amounts. Payables in foreign currencies are measured using the strict principle of the highest value.

III. Notes on the items in the balance sheet

The previous form of disclosure has been retained during the generation of these financial statements.

Non-current assets

The development of the individual fixed assets and the breakdown of the annual depreciation by individual items can be found in the statement of changes in fixed assets.

Receivables and other assets

Other receivables and assets include income of kEUR 3,649 (previous year: kEUR 283), which affect the cash flow after the balance sheet date. The receivables from affiliated companies relate to loans receivable in the amount of kEUR 25,730 (previous year: kEUR 13,013) and receivables from cost allocation and ongoing offsetting. Receivables from other non-current investees and investors comprise receivables from cost allocation and ongoing offsetting.

Deferred taxes

Deferred taxes were recognised for differences between the tax and corporate value at the balance sheet date, especially for the following items: Intangible assets, tangible fixed assets, untaxed reserves, provisions and allocations from partnerships as well as intra-group less carryforwards.

Deferred taxes developed as follows:

	kEUR
As of 1/4/2017	5,827
Changes of income	-642
As of 31/3/2018	**5,185**

No deferred tax assets were recognised for future tax liabilities resulting from the recognition of losses in the amount of kEUR 44,264 (previous year: kEUR 32,413) of subsidiaries, as losses are unlikely to be realized, according to § 9 (6) 6 KStG.

Provisions

The other provisions essentially concern personnel expenses (holidays, special payments and bonuses) and provisions for guarantees.

Since May 2017, due to searches of the premises of more than 50 Austrian construction companies, we know that, among others, SWIETELSKY Baugesellschaft m.b.H. has been affected by proceedings carried out by the Austrian Federal Competition Authority and the Central Public Prosecutor's Office for Combating Economic Crimes and Corruption. The action is based on a reasonable suspicion that illegal anticompetitive horizontal agreements allegedly took place in a number of tender procedures between the affected companies.
Based on the information currently available, the possibility cannot be ruled out that the suspicion established in the searches, including that relating to SWIETELSKY Baugesellschaft m.b.H., is justified in cases, which are not yet clearly defined. A conviction of SWIETELSKY Baugesellschaft m.b.H. for participation in horizontal price fixing could – if viewed abstractly – have the following consequences for the company: financial penalties in the event of breaches of the ban on cartels; compensation claims of any aggrieved clients on the basis of an antitrust conviction; in the event of SWIETELSKY employees being convicted, corporate financial penalties on the basis of the Austrian Corporate Responsibility act. The situation is extremely complex and still only starting to be clarified. Therefore, it is not possible to make any rough or indicative quantification of these breaches and any impending pecuniary consequences for SWIETELSKY Baugesellschaft m.b.H at the present state of knowledge.

In April 2018 another proceeding by the Central Public Prosecutor's Office for Combating Economic Crimes and Corruption became known. The subject of these investigations is primarily the suspicion that predominantly former employees of SWIETELSKY Baugesellschaft m.b.H. may have acted corruptly in connection with Romanian construction projects. Within the framework of the responsibility of legal entities, SWIETELSKY is accused of being associated with their employees' criminal acts. This investigation is in its early stages and it is not possible to predict with reasonable certainty what the outcome of the investigation will be or to quantify – even only roughly or indicatively – the pecuniary consequences for SWIETELSKY at the present state of knowledge.

The estimated costs of legal representation for both proceedings have been considered in provisions.

Liabilities

Total liabilities with a maturity of more than five years amount to kEUR 70,272 (previous year: kEUR 70,269). Liabilities to affiliated companies relate to deliveries and service allocations, cash pooling and shareholder loans. Liabilities from other non-current investees and investors relate to cost allocation and ongoing offsetting. Other liabilities includes expenses of kEUR 18,215 (previous year: kEUR 18,310), which affect the cash flow after the balance sheet date. No physical securities have been supplied.

On 31 March 2018, the company holds its own hybrid bonds with a nominal value of kEUR 38,594 (previous year: kEUR 38,594), which are included in other securities and shares. All bonds and the hybrid capital are listed at the Vienna Stock Exchange – corporates prime market segment, third market – Multilateral Trading Facility (MTF) since 5 May 2016 (before till 4 May 2016 on the regulated OTC market).

Contingent liabilities

Contingent liabilities exist as follows as at 31/3/2018:

FIGURES IN THOUSAND EUR	31/3/2018	31/3/2017
Warranties and guarantees	**370,185**	**254,942**
of which affiliated companies	*365,426*	*252,629*

The warranties and guarantees in favor to affiliated companies were given to financial institutions, they are adequately remunerated.

Additionally, as is standard in the industry, project consortiums in which the company holds a stake are jointly and severally liable with the other partners.

Liabilities from the use of tangible fixed assets not recorded in the balance sheet

As a result of lease and rental agreements, the following liabilities exist due to the use of tangible fixed assets not recorded in the balance sheet:

FIGURES IN THOUSAND EUR	following financial year	following 5 financial years
Lease contracts	10,139	17,064
Rental contracts	2,102	9,025
	12,241	**26,088**
Previous year	13,726	57,063

Transactions with related parties in the sense of Section § 238 (1) 12 UGB

Transactions with related parties only took place at arm's length.

IV. Notes on the items of the income statement

Revenue

Revenue broken down by sales markets:

FIGURES IN THOUSAND EUR	2017/18	2016/17
Domestic market	1,006,875	867,750
Foreign countries	61,894	141,247
	1,068,769	**1,008,998**

Revenue broken down by areas of activity:

FIGURES IN THOUSAND EUR	2017/18	2016/17
Road construction	202,809	185,049
Civil engineering	159,253	157,502
Railway construction	115,088	124,904
Building construction	591,618	541,542
	1,068,769	**1,008,998**

Expenses for severance payments and payments into employee welfare funds

FIGURES IN THOUSAND EUR	2017/18	2016/17
Expenses for severance payments	5,302	8,008
Payments to employee welfare funds	1,053	930
	6,355	**8,937**

Expenses for **severance payments** and payments into employee welfare funds are as follows:

FIGURES IN THOUSAND EUR	2017/18	2016/17
Management	103	83
Executives	867	295
Other employees	5,385	8,559
	6,355	**8,937**

In the financial year 2017/18, the members of the management received a total of kEUR 7,981 in earnings (previous year: kEUR 6,352).

V. Other information

Relationships with affiliated companies

For the financial year 2017/18 there are loss coverage commitments to RTS Rail Transport Service GmbH, Graz, and Romberger Fertigteile GmbH, Gurten. For the financial year 2018/19 there are loss coverage commitments to RTS Rail Transport Service GmbH, Graz, and Romberger Fertigteile GmbH, Gurten.

Austria, Vienna: residential building, Gudrunstraße

Elements and employees of the company

The following persons were active as Managing Directors in the financial year 2017/18:

Peter Gal
Dipl.-Ing. Walter Pertl
Adolf Scheuchenpflug
Dipl.-Ing. Karl Weidlinger

The following members were part of the supervisory board of the company in the financial year 2017/18:

Dr. Günther Grassner	Chairman (since 1/4/2018; before vice-chairman)
Dr. Norbert Nagele	Vice-chairman (since 1/4/2018; before chairman)
Dipl.-Ing. Werner Baier	
Dr. André Hovaguimian	
Ing. Franz Rohr	
Mag. Karl Schlögl	
Manuel Madurski	
Andrea Steinkellner	
Bruno Wyhs	

Remuneration of kEUR 363 (previous year: kEUR 357) was paid to the members of the supervisory board.

Employees (average)

	2017/18	**2016/17**
Blue-collar worker	2,819	2,702
White-collar worker	1,273	1,196
	4,092	**3,898**

Extraordinary events after the closing of the financial year

No extraordinary events took place after the closing of the financial year.

Application of income

It is proposed to distribute an amount of EUR 10,000,000.00 from the balance sheet profit of EUR 73,222,168.52 and to carry forward the remaining amount to new account.

Linz, 13 July 2018

The management

PETER GAL

DIPL.-ING. WALTER PERTL

ADOLF SCHEUCHENPFLUG

DIPL.-ING. KARL WEIDLINGER

STATEMENT OF CHANGES IN FIXED ASSETS

AS OF 31 MARCH 2018

	Historical costs	
FIGURES IN EUR	**As of 1/4/2017**	**Additions**
I. Intangible assets:		
Software and licences	**6,322,641.75**	**653,383.04**
II. Tangible fixed assets:		
1. Land, land rights and buildings, including buildings on third-party land (Basic value EUR 7,578,071.61; previous year: kEUR 7,947)	67,952,152.99	475,675.67
2. Technical equipment and machinery	150,653,321.16	18,106,888.93
3. Other equipment, operating and office equipment	27,008,456.85	3,228,811.60
4. Prepayments and assets under construction	3,372,764.15	16,226,076.70
	248,986,695.15	**38,037,452.90**
III. Non-current financial assets:		
1. Shares in affiliated companies	90,650,523.33	494,132.83
2. Loans to affiliated companies	530,250.00	0.00
3. Other non-current equity investments	11,394,753.40	549,500.00
4. Loans to other non-current equity investments	2,765,679.31	4,480,220.00
5. Non-current (book-entry) securities	1,351,514.65	5,000,000.00
	106,692,720.69	**10,523,852.83**
	362,002,057.59	**49,214,688.77**


Austria, Grein: railway viaduct

Reclassifications	Disposals	As of 31/3/2018
24,190.00	**94,958.48**	**6,905,256.31**
770,394.12	2,822,838.03	66,375,384.75
5,271,234.05	3,388,305.94	170,643,138.20
149,757.40	1,374,646.62	29,012,379.23
-6,215,575.57	0.00	13,383,265.28
-24,190.00	**7,585,790.59**	**279,414,167.46**
0.00	1,808,400.00	89,336,256.16
0.00	136,500.00	393,750.00
0.00	0.00	11,944,253.40
0.00	261,936.88	6,983,962.43
0.00	286,395.84	6,065,118.81
0.00	**2,493,232.72**	**114,723,340.80**
0.00	**10,173,981.79**	**401,042,764.57**

STATEMENT OF CHANGES IN FIXED ASSETS

AS OF 31 MARCH 2018

FIGURES IN EUR	Cumulative depreciation		
	As of 1/4/2017	Additions	Reclassifications
I. Intangible assets:			
Software and licences	**5,770,243.75**	**494,797.97**	**0.00**
II. Tangible fixed assets:			
1. Land, land rights and buildings, including buildings on third-party land (Basic value EUR 7,578,071.61; previous year: kEUR 7,947)	22,430,901.01	2,208,505.44	0.00
2. Technical equipment and machinery	103,707,609.32	16,031,213.02	-326.40
3. Other equipment, operating and office equipment	20,559,720.52	2,617,903.90	326.40
4. Prepayments and assets under construction	0.00	0.00	0.00
	146,698,230.85	**20,857,622.36**	**0.00**
III. Non-current financial assets:			
1. Shares in affiliated companies	30,560,295.08	2,074,289.81	0.00
2. Loans to affiliated companies	0.00	0.00	0.00
3. Other non-current equity investments	1,777,500.00	232,075.30	0.00
4. Loans to other non-current equity investments	0.00	0.00	0.00
5. Non-current (book-entry) securities	728.49	321.65	0.00
	32,338,523.57	**2,306,686.76**	**0.00**
	184,806,998.17	**23,659,107.09**	**0.00**

Austria, Semmering: Semmering Base Tunnel, external view

		Carrying amounts	
Disposals	**As of 31/3/2018**	**As of 31/3/2018**	**As of 31/3/2017**
94,871.48	**6,170,170.24**	**735,086.07**	**552,398.00**
1,037,831.73	23,601,574.72	42,773,810.03	45,521,251.98
3,077,910.94	116,660,585.00	53,982,553.20	46,945,711.84
1,284,292.27	21,893,658.55	7,118,720.68	6,448,736.33
0.00	0.00	13,383,265.28	3,372,764.15
5,400,034.94	**162,155,818.27**	**117,258,349.19**	**102,288,464.30**
1,005,000.00	31,629,584.89	57,706,671.27	60,090,228.25
0.00	0.00	393,750.00	530,250.00
0.00	2,009,575.30	9,934,678.10	9,617,253.40
0.00	0.00	6,983,962.43	2,765,679.31
0.00	1,050.14	6,064,068.67	1,350,786.16
1,005,000.00	**33,640,210.33**	**81,083,130.47**	**74,354,197.12**
6,499,906.42	**201,966,198.84**	**199,076,565.73**	**177,195,059.42**

LIST OF INVESTMENTS

SWIETELSKY BAUGESELLSCHAFT M.B.H. AS OF 31 MARCH 2018

at least 20.00% shareholding			Capital share	Equity / negative equity [1]		Result [2]
Shares in affiliated companies						
A.S.T. Baugesellschaft m.b.H.	AT	Innsbruck	100.00%	kEUR	4,808	1,222
Bahnbau Petri Hoch- und Tiefbau Gesellschaft m.b.H	AT	Fischamend	100.00%	kEUR	498	102
Baldauf Fliesen und Baustoffe Gesellschaft m.b.H.	AT	Linz	100.00%	kEUR		[3]
Baumeister Karl Sedlmayer Gesellschaft mit beschränkter Haftung	AT	Grafenwörth	100.00%	kEUR	567	16
BauQ Projekt GmbH in Liqu.	AT	Hart bei Graz	100.00%	kEUR		[3]
C. Peters Baugesellschaft m.b.H.	AT	Linz	100.00%	kEUR	1,572	345
Georg Fessl GmbH	AT	Zwettl	100.00%	kEUR	1,457	717
HTB Baugesellschaft m.b.H.	AT	Arzl im Pitztal	100.00%	kEUR	17,520	5,914
Ing. Karl Voitl Gesellschaft m.b.H.	AT	Vienna	100.00%	kEUR	274	85
Jos. Ertl GmbH	AT	Hörsching	100.00%	kEUR	1,065	431
Kallinger Bau GmbH	AT	Fischamend	100.00%	kEUR	4,145	1,668
Kontinentale Baugesellschaft m.b.H.	AT	Waidhofen an der Thaya	100.00%	kEUR	687	-485
Romberger Fertigteile GmbH	AT	Gurten	100.00%	kEUR	306	-746
RTS Rail Transport Service GmbH	AT	Graz	100.00%	kEUR	2,344	0
SWIETELSKY - INTERNATIONAL Baugesellschaft m.b.H.	AT	Linz	100.00%	kEUR	6,800	25
Swietelsky Bauträger Ges.m.b.H.	AT	Linz	100.00%	kEUR	75	-19
Swietelsky Developments GmbH	AT	Vienna	100.00%	kEUR	-354	-19
Swietelsky Immobilien GmbH	AT	Vienna	100.00%	kEUR	201	-106
Swietelsky Liegenschaftsverwaltung Bauhof Asten GmbH	AT	Linz	100.00%	kEUR	47	24
Swietelsky Liegenschaftsverwaltung Klagenfurt GmbH	AT	Linz	100.00%	kEUR	70	8
Swietelsky Liegenschaftsverwaltung Trumau GmbH	AT	Linz	100.00%	kEUR	93	17
Swietelsky Tunnelbau GmbH	AT	Salzburg	100.00%	kEUR	399	4
Swietelsky Tunnelbau GmbH & Co KG	AT	Salzburg	100.00%	kEUR	3,814	1,703

at least 20.00% shareholding			Capital share	Equity / negative equity [1]		Result [2]
Shares in affiliated companies						
Transportbeton und Asphaltgesellschaft m.b.H.	AT	Zams	100.00%	kEUR	1,344	623
Duswald Bau GmbH	AT	Neumarkt im Hausruckkreis	94.00%	kEUR	384	127
SRT GmbH	AT	Linz	90.00%			[3]
ERWA Beteiligungs GmbH	AT	Linz	80.00%	kEUR	-141	-59
Metallbau Wastler GmbH	AT	Linz	80.00%	kEUR	128	-4
TB Betonwerk Zams GmbH	AT	Zams	52.00%			[3]
SWIETELSKY RAIL (AUSTRALIA) PTY LTD	AU	Surry Hills	100.00%	kAUD	357	1,605
Swietelsky d.o.o.	BA	Sarajevo	100.00%			[3]
Swietelsky Rail CZ s.r.o.	CZ	České Budějovice	100.00%	kCZK	-25,362	-41,560
SWIETELSKY stavební s.r.o.	CZ	České Budějovice	100.00%	kCZK	640,072	206,516
Swietelsky Baugesellschaft mbH.	DE	Traunstein	100.00%	kEUR	17,448	3,414
Wadle Bauunternehmung GmbH	DE	Essenbach	100.00%	kEUR	7,806	2,192
Swietelsky Rail Danmark ApS	DK	Kopenhagen	100.00%	kDKK	1,787	1,087
SWIETELSKY TRAVAUX FERROVIAIRES	FR	Metz	100.00%			[3]
SICE LIMITED	GB	Edinburgh	100.00%			[3]
SWIETELSKY CONSTRUCTION COMPANY LTD.	GB	Reading	100.00%	kGBP	5,483	1,508
Swietelsky d.o.o.	HR	Zagreb	100.00%	kHRK	20,719	4,745
CELL-BahnBau Danubia Kft.	HU	Celldömölk	100.00%	kHUF	85,501	-298
DS VASÚT Kft.	HU	Celldömölk	100.00%	kHUF	328,945	323,913
G.K.S. SWIETELSKY Kft.	HU	Dunakeszi	100.00%			[3]
Rapid Tanács Kft.	HU	Celldömölk	100.00%			[3]
SWIETELSKY Építő Kft.	HU	Budapest	100.00%	kHUF	235,180	222,599
SWIETELSKY Magyarország Kft.	HU	Budapest	100.00%	kHUF	6,730,515	888,790
Swietelsky Vasúttechnika Kft.	HU	Celldömölk	100.00%	kHUF	4,496,868	2,796,742
Vasútgép Kft.	HU	Celldömölk	100.00%	kHUF	211,130	60,725
HTB - Hoch-Tief-Bau Srl	IT	Nalles	90.00%			[3]
SWIERA SRL in Liquidazione	IT	Nalles	82.17%			[3]
Swietelsky Rail Luxembourg S.àr.l.	LU	Windhoff	100.00%			[3]
Swietelsky Rail MN d.o.o.	ME	Podgorica	100.00%			[3]
Swietelsky Rail Benelux B.V.	NL	JR Oisterwijk	100.00%	kEUR	-19,046	-2,309
Swietelsky Rail Norway AS	NO	Drammen	100.00%	kNOK	3,522	38
Swietelsky Rail Polska Spolka Z o.o.	PL	Krakow	100.00%	kPLN	6,320	324

at least 20.00% shareholding			Capital share	Equity / negative equity [1]		Result [2]
Shares in affiliated companies						
Swietelsky Spolka Z o.o.	PL	Lublin	100.00%	kPLN	8,200	410
Swietelsky Constructii SRL	RO	Bukarest	100.00%	kRON	254	-1,287
S.C. DRUMSERV SA	RO	Tirgu Mures	99.99%	kRON	10,370	-1,395
S.C. AMFIBOSWIN SRL	RO	Sibiu	56.50%			[3]
Swietelsky gradbeno d.o.o.	SI	Laibach	100.00%			[3]
Swietelsky Slovakia spol.s.r.o	SK	Bratislava	100.00%	kEUR	759	-469
Other non-current equity investments						
ASB Nörsach GmbH	AT	Linz	50.00%			[3]
Asphaltwerk Seibersdorf GmbH	AT	Linz	50.00%			[3]
ASW - Asphaltmischanlage Zams GmbH	AT	Zams	50.00%			[3]
ASW - Asphaltmischanlage Zams GmbH & Co. KG	AT	Zams	50.00%			[3]
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	AT	Graz-St.Peter	50.00%			[3]
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H. & Co. KG	AT	Graz-St.Peter	50.00%			[3]
Hausruck Baugesellschaft m.b.H.	AT	Schlüßlberg	50.00%			[3]
PAM-Pongauer Asphaltmischanlagen GmbH	AT	St. Johann im Pongau	50.00%			[3]
PAM-Pongauer Asphaltmischanlagen GmbH & Co KG	AT	St. Johann im Pongau	50.00%			[3]
Umfahrung Zwettl Errichtungs- und Betriebsgesellschaft m.b.H.	AT	Linz	50.00%			[3]
Asphaltmischwerk Weißbach GmbH & Co. Nfg. KG	AT	Weißbach bei Lofer	45.00%			[3]
AWB Asphaltmischwerk Weißbach Betriebs-GmbH	AT	Vienna	45.00%			[3]
Kieswerk-Betriebs-Gesellschaft m.b.H.	AT	Zams	37.50%			[3]
Pinzgau Beton GmbH	AT	Salzburg	37.00%			[3]
Pinzgau Beton GmbH & Co KG	AT	Salzburg	37.00%			[3]
Gaspix Beteiligungsverwaltungs GmbH	AT	Zirl	35.53%			[3]
RBA - Recycling- und Betonanlagen Ges.m.b.H. & Co. Nfg. KG	AT	Zirl	35.53%			[3]
AMS - Asphaltmischwerk Süd Gesellschaft m.b.H.	AT	Linz	35.00%			[3]
FMA Asphaltwerk GmbH	AT	Feldbach	35.00%			[3]
FMA Asphaltwerk GmbH & Co KG	AT	Feldbach	35.00%			[3]
AMW Asphaltwerk GmbH.	AT	Weitendorf	33.34%			[3]

at least 20.00% shareholding			Capital share	Equity / negative equity [1]	Result [2]
Other non-current equity investments					
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	AT	Linz	33.33%		[3]
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co. KG	AT	Linz	33.33%		[3]
TAM Traisental Asphaltmischwerk Ges.m.b.H.	AT	Nußdorf ob der Traisen	33.33%		[3]
TAM Traisental Asphaltmischwerk Ges.m.b.H. & Co KG	AT	Nußdorf ob der Traisen	33.33%		[3]
TB Transportbeton GmbH	AT	Linz	33.33%		[3]
AMW Leopoldau GmbH & Co OG	AT	Vienna	33.32%		[3]
AWT Asphaltwerk GmbH	AT	Stadtschlaining	33.00%		[3]
AMA Linz GmbH	AT	Linz	30.00%		[3]
AHRENTAL ABBAU- UND AUFBEREITUNGSGESELLSCHAFT M.B.H.	AT	Hall in Tirol	29.87%		[3]
Kieswerk - Betriebs - Gesellschaft m.b.H. & Co. Kommanditgesellschaft	AT	Zams	29.04%		[3]
Petschl Frästechnik GmbH	AT	Arbing	29.03%		[3]
ASW - Asphaltmischanlage Innsbruck GmbH	AT	Innsbruck	26.00%		[3]
ASW - Asphaltmischanlage Innsbruck GmbH & Co KG	AT	Innsbruck	26.00%		[3]
Hemmelmair Frästechnik GmbH	AT	Linz	25.00%		[3]
VAM - Valentiner Asphaltmischwerk Gesellschaft m.b.H.	AT	Linz	25.00%		[3]
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co. KG	AT	Linz	25.00%		[3]
Eurailpool GmbH	DE	Ismaning	50.00%		[3]
RPM Wiebe & Swietelsky & Co KG	DE	Achim	49.00%		[3]
RPM Wiebe & Swietelsky Beteiligungs-GmbH	DE	Achim	49.00%		[3]
Cosbau S.r.l. in Liquidazione	IT	Nalles	20.00%		[3]

1) according to Section 224 (3) UGB
2) net income/net loss for the financial year
3) no information provided according to Section 242 (2) UGB

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2017/18

OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

I. Macroeconomic environment

The global economy is currently in a phase of strong growth. Both industrial nations and emerging nations are contributing to global expansion. In the most recently published forecasts by IMF in April 2018 and the European Commission in May 2018, the predictions for global economic growth have been revised to be higher. These revisions were driven first and foremost by the increased growth predictions for the USA and global trade, which was a positive surprise in 2017 and will continue to grow significantly stronger this year than was expected in autumn.

Growth in the Eurozone for 2017 is at 2.4% according to IMF. The growth composition has recently changed, so the role of exports and investments has grown and private consumption has lost significance. These developments could, however, make growth in the Eurozone more vulnerable to trade restrictions and confidence effects and present a downside risk for the forecast. Inflation has varied between 1% and 1.5% for half a year and was 1.3% in March.

With the recovery of the labour market over the course of 2017, the unemployment rate declined by a percentage point to 8.6%. In the first quarter of 2018, however, the unemployment rate remained unchanged at 8.5%. In the fourth quarter of 2017 employment growth was 0.3%, slightly lower than the previous quarter (0.4%), which was due to a slowdown in growth of the industry and the service sector.

The economy of the Euroconstruct countries grew in 2017 by 2.3%, with the Eastern European countries Czech Republic, Hungary, Poland and Slovakia (EC-4 countries) contributing to this increase disproportionately by 4.4%. Most member nations had growth between 2% and 3%, Switzerland (1.0%) and Ireland (7.8%) provided the lower and upper limits of the range. This economic growth also positively impacted the situation on the labour market. With the exception of Denmark, unemployment fell again in all participating countries.

The construction sector gained further momentum. After a plus in 2016 of 2.5%, it managed to grow by a further 3.9% in 2017, reaching a total construction volume of EUR 1,521.4 billion. While the Western European countries showed a continuous upward trend (2016: 3.0%, 2017: 3.6%), the Eastern European countries recorded a significant trend reversal (2016: -7.3%, 2017: 9.1%). However, construction output is still 20% below the peak year 2007. Since then, construction output grew the most in Poland, while Spain, Ireland and Portugal had the least growth.

This positive development was due in particular to new residential construction, which increased by 10.3%, with development being very varied but always positive in the individual countries. The rest of the building construction sector also developed positively, if at a lower level, with 3.1%. Altogether, building construction had a total volume of EUR 1,213.2 billion, which corresponds to an increase of 4.4% in 2017.

Markets

Core markets (Austria, Germany, Hungary, Czech Republic) and other countries

Austria

The Austrian economy grew by 2.9% in 2017, maintaining a high growth level. In particular, Austria benefits from the favourable development of the world economy and the resulting increase in demand for Austrian products.

As a result of this, the situation on the labour market continues to be characterised by strong employment growth and a reduction in unemployment. Inflation has been decreasing since autumn 2017 and was at 2.1% in March. The increase in the value of the euro and the recently halted increase in raw material prices are primarily responsible for this. The Austrian National Bank (OeNB) expects a growth in the real GDP of 0.7% and 0.6% as part of their quarterly short-term forecasts for the second and third quarter of 2018 (in relation to the previous quarter respectively). However, this means a slight reduction compared to the first quarter (0.8%), but with growth always remaining above the historical average growth.

The Austrian construction sector developed significantly better in 2017 with a growth of 2.6% than in previous years (2014: -0.1%, 2015: 1.1%, 2016: 1.1%). The total construction volume was EUR 40.7 billion. New residential construction increased significantly in 2017 (plus 2.5%). After a decrease by 0.6% in 2016, the residential renovation construction sector grew by 2.1% in 2017, as well. The rest of building construction, which benefited from a positive economic climate, showed even better improvement. Industrial building construction grew by 4.2% and office building construction grew by 5.7%, due to large projects in Vienna, which are ending in 2018. The overall building construction volume in 2017 was EUR 32.5 billion.

The growth in civil engineering is primarily driven by investments in transport infrastructure (3.1%). Road construction grew by 6.2% in 2017, after it showed a decrease of 1.8% in 2016. Investments in railway systems (0.0%) and in other infrastructure projects (1.4%) show little momentum. Investments in energy and water supply have also stayed at the previous year's level, so the overall volume of Austrian civil engineering grew by 2.2% in 2017.

SWIETELSKY significantly increased output in Austria in the last financial year. Slight output decreases in railway construction are combined with significant increases in the other divisions. The output grew by EUR 157.0 million (12.3%) to EUR 1,434.9 million, which makes up 60.4% of the group's construction output. The share of output provided by building construction is again around 50%. The share of road and railway construction was 23%, slightly below the previous year. The civil engineering share remained constant at 18%, that of tunnel construction increased to 9%.

Germany

The GDP grew by 2.2% in 2017 according to the Federal Statistical Office. This is the highest growth since 2011 when Germany recovered from the consequences of the global financial crisis, even higher than 2016, where GDP increased by 1.9%. According to the figures, the strong economic recovery was due to consumers' propensity to buy, higher corporate spending and the strong global economy, which boosts the demand for products 'Made in Germany'. Germany's exporters are heading for the fourth record year in a row in 2017. In the first eleven months, machines, cars and other goods at the value of EUR 1.18 trillion (plus 6.5%) were shipped. The positive economic development is also reflected by the decreasing unemployment rate (2017: 5.7%), which has been steadily falling in the past years.

The German construction sector has the largest share of output of all the Euroconstruct countries with a total construction volume of EUR 329.3 billion and it grew in 2017 by 2.4% (2016: 2.6%). Growth driver was again new residential construction with 8.6% (EUR 64.1 billion), while residential renovation showed a slight declining trend (-0.2%, EUR 121.7 billion). Civil engineering increased by 3.8% altogether in 2017 (EUR 58.6 billion), with road construction clearly standing out with 8.0%. Other areas of civil engineering (railway systems, other transport infrastructure, telecommunication, energy and water supply) developed in a similarly positive way to the previous years. The rest of building construction again shows no momentum but is developing positively with 1.0% (EUR 85.0 billion, 2016: 0.5%).

SWIETELSKY increased their output in Germany by around 25%, or EUR 62.6 million to EUR 310.0 million. The growth was sustained primarily by the building construction, which increased its share of output to 27%. The share of road and railway construction was around 48% in the past financial year, that of civil engineering fell to 25% with no sector showing declining output.

Hungary

After GDP growth reached around 2.2% in 2016, it hit 4.0% growth in 2017, which means a solid performance on a relatively high level in the European context.

Consistently high economic growth over the last four years can definitely be associated with the grants from 2007 to 2013. Altogether, in this period, Hungary was awarded grants at the value of EUR 10.7 billion. With these grants, investments have most notably increased in the construction and infrastructure industries. In the funding period 2014-2020, total funding was raised again: over EUR 20 billion was budgeted in this seven-year period for Hungary. Grants over the last year correspond to almost 5% of the Hungarian GDP, which means no other member nation benefits more.

After shrinking by 18.3% in 2016, the construction sector made up for the decline in 2017 with a plus of 25.0%. Growth was primarily due to new residential construction (72.2%), which grew significantly more than the rest of building construction at 15.4%. Civil engineering, being largely dependent on public projects, grew by 34% in 2017, however, after a significant slump in 2016 (-34.0%). The total construction volume in Hungary, at EUR 10.7 billion, is actually significantly higher than that of the previous year (EUR 8.5 billion), but only slightly higher than 2015 (EUR 10.4 billion).

In Hungary, SWIETELSKY considerably made up for the previous year's output decline. Due to building construction and road and railway construction, output increased by around 39%, or EUR 76.1 million. The total construction output of EUR 270.5 million consists mainly of road and railway construction (65%) and building construction (32%), civil engineering makes up the remaining 3% of our Hungarian operations.

Czech Republic

The momentum of the Czech economy increased even more in the fourth quarter of 2017: the GDP grew by 5.2% compared to the previous year or 0.5% compared to the previous quarter. So total GDP increased by 4.6% in 2017, which was among Europe's top figures. Strong foreign demand and high domestic consumption in particular contributed to the growth. All economic sectors are thriving – especially industry, but also the service sector.

Plant investments grew by 8% in the fourth quarter of 2017 in comparison to the previous year and remained unchanged in comparison to the third quarter of 2017. Companies have invested primarily in machinery and equipment.

Industrial production (incl mining) increased by 5.7% in comparison to the previous year with output in the processing industry (excl mining) increasing by 6%. The highly export oriented carmakers and automotive industry remains the unchallenged driving force with a share of around 20% of industrial value creation and around 18% of total exports. In the previous year, production increased in this sector by 9%, other industrial branches with growth above-average were the chemical industry (20%), the production of data processors, electronic and optical products (10%), the pharmaceutical industry (10%), the plastic industry (8%), the production of electric facilities (10%) and mechanical engineering (7%).

The construction sector in the Czech Republic developed positively with a plus of 3.4%; the development of the sectors has been varied. Building construction (6.5%) has developed significantly positive – further supported by prospering new residential construction (20.6%). Civil engineering, on the other hand, remains in the recession (-4.2%). In particular, the transport infrastructure sector suffered again from restrained public investment activities and showed a minus of 5.4%, after already declining in 2016 by 14.7%. The total construction volume in the Czech Republic increased to EUR 17.7 billion in 2017 but remains below that of 2015 (EUR 18.1 billion).

In the Czech Republic too, the reduction in output of the previous year was made up for. The total construction output of SWIETELSKY in the Czech Republic increased by 12.5% to EUR 210.7 million. The output share of road and railway construction was around 61% and that of building construction was 28%. Civil engineering increased its share of output to around 11%.

Other countries

SWIETELSKY also operates outside the above mentioned core markets, either via project-related production sites or subsidiaries. In addition to subsidiaries in Great Britain, the Netherlands, Denmark, Norway and Australia, this affects the CEE region in particular.

In Romania, Croatia, Norway, Poland, Great Britain, Slovakia, Italy, the Netherlands, Denmark and Australia the SWIETELSKY group generated EUR 150.4 million, around 6.3% of the total construction output.

II. Company development

Revenue and construction output

For a better comparison, the figure for construction output comprising other factors such as the percentage of output from project consortiums compared with the revenue, has been used. Increases in construction output were recorded in almost all divisions and accounted for a total of 13.5% in relation to the previous year.

The distribution of construction output by division is as follows:

CONSTRUCTION OUTPUT BY DIVISION

FIGURES IN THOUSAND EUR	2017/18	%	2016/17	%	2015/16	%
Road construction	200,029	19	170,373	18	153,813	17
Railway construction	113,511	11	114,999	12	144,215	16
Building construction	583,509	55	498,596	54	464,739	51
Civil engineering	157,070	15	145,012	16	141,826	16
Total	**1,054,119**	**100**	**928,980**	**100**	**904,593**	**100**

Revenue just showed a slight increase in the last financial year 2017/18 (5.9%), as the revenue in the previous year was significantly higher than construction output due to the accounting for large construction projects. In the current financial year, in comparison to the previous year there is a positive change in inventory (kEUR 26,160).

Order backlog

The order backlog, at EUR 1,020.7 million is again significantly higher than that of the previous year (2016/17: EUR 791.5 million). Significant growth was shown in bridge and elevated road construction as well as in railway construction. Theoretically almost all construction output of this year is already commissioned, naturally with division-specific differences and further projects being acquired continuously.

Profit situation

The previous financial year, 2017/18, was again very satisfactory. The operating result increased significantly to EUR 8.8 million. The increase in the financial result by EUR 8.5 million had several causes: On the one hand, income from investments – particularly from associated companies – increased by EUR 6.7 million, on the other hand expenses for financial assets and the interest expense decreased. Tax expense is burdened due to one-off effects and shows a negative at EUR 5.0 million despite positive tax allocation. This results in earnings after tax of EUR 35.9 million (2016/17: EUR 38.9 million).

Financial position and cash flows

FIGURES IN THOUSAND EUR	31/3/2018	%	31/3/2017	%	31.3.2016	%
Non-current assets	199,077	28	177,195	28	162,814	27
Current assets	516,576	72	456,662	72	431,219	73
Assets	**715,653**	**100**	**633,857**	**100**	**594,033**	**100**
Equity	175,345	25	149,401	24	145,487	25
Provisions	72,306	10	58,286	9	56,256	9
Liabilities	468,002	65	426,170	67	392,290	66
Equity and Liabilities	**715,653**	**100**	**633,857**	**100**	**594,033**	**100**
Net debt						
Financial liabilities	144,115		199,646		199,648	
Provisions for severance payments	18,273		18,080		14,444	
Pension provisions	56		65		69	
Cash and cash equivalents	-139,148		-133,596		-108,421	
Net debt	**23,296**		**84,195**		**105,740**	
Gearing	**0.1**		**0.6**		**0.7**	

Net debt = interest-bearing debt capital without group-cash-pooling + non-current provisions – cash and cash equivalents
Gearing = net debt / own funds

In the past financial year we invested heavily. Fixed assets increased further by EUR 21.9 million to EUR 199.1 million. At EUR 38.0 million, investments in tangible fixed assets are a little below that of the previous year (2016/17: EUR 39.6 million), but again exceed the amortisation. Advances for a track-laying train and ballast bed cleaning train at EUR 10.4 million are the cause of the increase in advances rendered. In current assets, the amount of unfinished construction output rose but as the level of advances increased again, the net value fell to

EUR 42.3 million. Inventories increased due to projects intended for sale and land property. Trade receivables were once again kept stable with tight debtor management. Cash and cash equivalents considering other securities and shares increased further to EUR 237.8 million at the balance sheet date (2016/17: EUR 172.2 million).

On the liabilities side, equity capital has increased to EUR 175.3 million despite disbursed profits of EUR 10.0 million, which presents a pleasing equity ratio of 24.5% despite an increased balance sheet total. Bonds payable have significantly reduced with repayments of EUR 55.6 million. Trade payables also increased on the balance sheet date, such as liabilities to associated companies due to cash pooling.

Key figures and financial performance indicators

FIGURES IN THOUSAND EUR	**2017/18**	**2016/17**	**2015/16**
Construction output	1,054,119	928,980	904,593
Revenue	1,068,769	1,008,998	965,369
Order backlog	1,020,671	791,504	719,993
Staff (yearly average)	4,092	3,898	3,826
Construction output/Staff	258	238	236
Operating result	**8,800**	**5,433**	**11,394**
Financial result	32,113	23,565	14,285
Earnings before tax	**40,913**	**28,997**	**25,679**
Earnings after tax	**35,943**	**38,914**	**29,912**
Operating cash flow	59,565	53,335	50,631
Cash flow/Construction output	5.7%	5.7%	5.6%
Return on sales **(ROS)**	**4.3%**	**3.7%**	**3.9%**
Return on equity **(ROE)**	**25.2%**	**19.6%**	**18.6%**
Return on investment **(ROI)**	**6.9%**	**6.1%**	**6.5%**
Total assets	715,653	633,857	594,033
Equity	175,345	149,401	146,776
Equity ratio	**24.5%**	**23.6%**	**24.7%**

ROS = (EBT-interest)/Revenue
ROE = EBT/Ø Equity
ROI = (EBT-interest)/Ø Total capital

Austria, Leopoldsdorf: nursery school

III. Risk management

Responsible handling of our risks serves the ultimate goal of a long-term increase in company value. In the course of our risk management it must be ensured that both external risks – in particular those in the entrepreneurial environment – and internal inherent in processes and procedures, are evaluated and minimised. Existing and anticipated risks are expertly evaluated through our total value added process and systematically handled from an income return perspective, according to the company principle of 'putting earnings before sales'.

We make a distinction between core risks, which we accept ourselves, and other risks, which we are able to insure against or transfer to others.

Market risk

The construction sector as a whole is, depending on markets and divisions, vulnerable to diverse fluctuations. Unemployment, consumer behaviour, conditions on the financial and capital markets as well as the political climate, have an effect on our development. However, changing framework conditions also offer opportunities which SWIETELSKY has often been able to exploit in the past through its flexible organisation.

SWIETELSKY offers a broad range of services and strives to further diversify its portfolio with respect to products, services and markets and to spread risks optimally. Thanks to our entrepreneurial staff, we regard ourselves as in a good position to actively tackle this risk.

Operational risks

Project and contract risks accrue from the SWIETELSKY Group's traditional building and project business. All projects are audited and plausibility-checked throughout the tendering process up until the conclusion of contract for technical, commercial and legal risks. Guidelines and procedures for auditing in compliance with ISO 9001 ensure uniform calculation of project costs. Clear competence standards for transactions requiring approval safeguard the technical and economic evaluation and analysis of tenders.

When taking on projects, costing guidelines and procedures regulate uniform calculation of project costs. Order processing is controlled via monthly variance analyses and constantly supervised by central controlling. In the performance phase there is a risk that tight completion schedules cannot be adhered to. Insofar as these missed deadlines affect our business, the threat of contractual penalties exists.

We manage warranty risks by conducting consistent quality management and, where necessary, demanding securities or guarantees from contractors.

SWIETELSKY strives to avoid legal disputes. However, as this aim is not always achievable, domestic and overseas entities may become involved in legal or arbitration procedures, the outcome of which is naturally difficult to predict. We operate on the assumption that, following due diligence for all pending litigation, appropriate financial provisions are established.

Human resource risk

Human resource risks arise from employee turnover, the resulting loss of knowhow and the lack of specialist and management staff and suitable trainees. SWIETELSKY therefore strives to further develop their employees' qualifications and to support the internal career opportunities within the SWIETELSKY group. Monetary incentive systems make SWIETELSKY an attractive prospect, especially to business-minded employees. Additional initiatives for health promotion and the improvement of working conditions and employee satisfaction contribute to the company's reputation.

Procurement risk

SWIETELSKY strives to cooperate on a long-term basis with its partners. In central procurement, framework contracts and framework price agreements are closed with selected suppliers. The operative units can reach these suppliers if needed using a central procurement portal. Through observation of the market for energy and raw materials and constant monitoring processes, we attempt to minimise the risk of possible losses due to price increases in this area, whereby primary measures (for example physical procurement and threshold agreements in construction contracts) provide a fundamental advantage over derivative instruments.

Financial risks

SWIETELSKY has robust, long-term financial structures and uses conservative financial instruments.

A liquidity risk arises if solvency and financial capability is impaired. Our financial resources contain appropriate growth and liquidity reserves and the corresponding lines of revenue are widely dispersed.

Overall, we ensure that all group companies have sufficient, long-term cash and guarantee credit capacities to successfully finance business operations and new projects. Due to a lack of need, however, cash credit facilities have been reduced to the operatively necessary amount (i.e. the facilities necessary for the implementation of transactions and for hedging FX risks), as it is rarely necessary to use cash facilities due to high liquidity levels. These are partially converted to guarantee facilities, further guarantee facilities have been offered to us by several institutes (banks, insurance providers), however, only some of these have been implemented in a demand-orientated way.

High advances from – mostly public – clients have led to additional bank deposits. In Hungary in particular, high advances are currently standard business practice in the construction sector.

We are currently considering investing some fractions of the cash in short- and mid-term funds, denominated in EUR and HUF, to spread the risk. Trough diversification we managed to avoid negative interest for deposits.

To better meet treasury requirements in the group, we have begun to implement a group treasury system.

The monitoring of counterparty risks was refined this financial year, they are now monitored on three levels throughout the group (individual bank, banking group, cross-guarantee system).

A central debtor management function constantly audits the creditworthiness of customers, oversees payment agreements and thus secures receipt of payments. The interest rate risk is constrained centrally by the group's financial management via hedging transactions. Foreign currency risks are minimised through forward exchange transactions. Adherence to internal guidelines is overseen by an appropriate control system.

IT risk

With regard to technical development and the growing significance of digitalisation, the protection and securing of our own and our customers' entrusted information, as well as information about business processes and systems is of enormous importance.

As part of the IT security strategy, strategic measures have been taken, which are continuously improved using an ongoing process due to the momentum of digitalisation. External audits support this process and are an important element for identifying risks early.

The significance of the 'human' element of IT security has been taken into account by introducing additional training and sensitising measures.

Misconduct risk and compliance

In the future, just as in the past, SWIETELSKY wishes to be accepted as a reliable and competent partner to its customers and suppliers and to all its business partners in the public and private sectors. It is the responsibility of every individual to behave at all times fairly, respectfully, with integrity and in a law-abiding fashion towards colleagues, customers and contractors, but also towards competitors. To support this, our written code of conduct is in place, which reflects the guidelines and principles of our values and which is to be upheld by every SWIETELSKY employee, regardless of position. This code forms the basis of proper conduct from a moral, ethical and legal aspect and is available in our core markets in the respective national languages.

As part of the development of the compliance management system, SWIETELSKY builds above all on internal communication, instruction and training. These measures and the code of conduct should significantly contribute to embedding these moral concepts in the company. The executive board will promote the embedding of these values within the business even more vigorously and expresses a clear commitment to zero tolerance of misconduct in this area.

IV. Report on essential characteristics of the internal control and risk management system with regard to the financial reporting process

Introduction

The aim of the internal control system is to support management to be in the position to ensure effective and continuously improving internal controls with regard to financial reporting. It is aimed on one hand at adherence to guidelines and regulations and on the other hand at creation of advantageous conditions for specific control measures in key accounting procedures.

The accuracy and reliability of financial reporting is of prime importance both for management decisions and for provision of information to owners and all relevant stakeholders.

The internal control system comprises, in addition to assessment of operational risks, adherence to legal and proprietary standards and processes of the SWIETELSKY Group. Its aim is the uniform mapping of business transactions, thereby supporting management via decision-relevant information. This is implemented through ensuring comparability of data via both relevant statutory provisions and internal guidelines. Relevant requirements for ensuring correctness of internal and external financial reporting are recorded in internal accounting and valuation regulations.

Control environment

The implementation of the internal control system with regard to the financial reporting process is stipulated in internal guidelines. Responsibilities for the internal control system are adapted to the corporate structure, in order to ensure a satisfactory controlling environment which meets requirements.

Risk assessment

Risks relating to the financial reporting process are raised and monitored by management. The focus here is on significant risks. For preparation of financial statements, regular estimates must be made, whereby there is an intrinsic risk that future growth will deviate from these estimates. This particularly affects the following issues and items on the company financial statement: valuation of unfinished construction projects; valuation of provisions, including social capital provisions; outcomes of legal disputes; collectability of receivables and intrinsic value of investments and goodwill. In individual cases external experts are consulted or delegation made to publicly available sources, in order to avoid the risk of misjudgement.

Control measures

All control measures are applied in the ongoing business process, in order to ensure that errors or discrepancies in financial reporting are avoided. Control measures range from reviews of interim results by management through to reconciliation of accounts and monitoring of cost centres.

A clear separation of functions, various control and plausibility checks and a continuous application of the 'four-eyes principle' ensure accurate and reliable accounting. The departments and areas involved in the financial reporting process are appropriately equipped both in terms of expertise and personnel. The staff deployed are carefully selected, trained and receive ongoing further training.

Since the SWIETELSKY Group comprises several decentralised units, the internal control system must also be decentralised, while the processes performed by the controlling department are overseen centrally. Responsibility for the organisation and practical application of control measures lies with the individual manager of the accountable area.

Due to legal and economic demands and the decentralised structure, particular attention is paid to the IT systems used within the group. All business processes rely significantly on the secure functioning of information and communications technology. Support for business processes via integrated information and communications technology is an essential requirement for expanding the market position of the SWIETELSKY Group.

The security of data and information processed within the company against access by unauthorised persons is ensured.

Information and communication

Guidelines and regulations for financial reporting are regularly updated by management and communicated to all staff concerned.

Regular discussions regarding financial reporting and the associated guidelines and regulations take place in various committees. As well as management, departmental managers and leading employees from the accounting department also sit on these committees.

The staff involved are continously trained with regard to innovations in national and international accounting, in order that the risks of inadvertent misreporting can be recognised in good time.

V. Staff

SWIETELSKY employed on average 4,092 staff over the course of the last financial year (2016/17: 3,898). Of these, 2,819 are employed as blue-collar workers and 1,273 as white-collar workers (2016/17: 2,702 blue-collar and 1,196 white-collar worker).

We see our staff as key to the success of the company. Entrepreneurial thinking and autonomous action have long been an essential part of our company culture. Many small units under a common roof have been and continue to be the key to our success. The transparent bonus model provides additional motivation and commitment. Loyalty to the company is rewarded with a graduated bonus scheme and a generous long-service provision.

Education and training is provided through relevant sustainable staff development, whether internal training activities or external courses.

Staying abreast of demographic changes, apprentice training in Austria continues to be paid special attention. The SWIETELSKY Group in Austria is currently training approximately 200 apprentices in ten professions. Our apprentice academy has proved especially popular. Here, in two training blocks of three weeks each, apprentices are taught not just theoretical knowledge, such as risk prevention on building sites, but also practical knowledge. The modules are led by experienced foremen and encompass laying of paving stones and slabs, specific building techniques, formwork and basic carpentry skills. For the first time, this year two experience days were held as part of the apprentice academy in Königswiesen and Lachstatt for team building. Here, the focus was on communal exercises and a sense of achievement on the Giant's ladder. This event made the participants and foremen on the training very happy. Camera supervision to produce an image film was also a new addition.

As part of staff development, education and training requirements are evaluated by a management committee at least once a year in order to maintain and further develop relevant qualifications.

The internal site manager apprenticeship has been very popular and is composed of six technical and two social modules, in-service over two years. In the previous year the focus was again on commercial training programmes, which are to take place at regular intervals in the future.

This serves both to provide current awareness of increasing financial and financial requirements and to give new staff the opportunity to get to know the commercial organisation of SWIETELSKY.

The working environment of our staff is designed with occupational safety, health protection and environmental protection taken into account. The emphasis of occupational health guidance is not only on risk assessment and avoidance of workplace accidents, but also on measures for early detection of possible work overload. In addition, regular training courses and activities are offered which not only aim to avoid accidents and illness, but are also aimed at actively promoting the health of employees.

The management thanks all staff, whose commitment and professional competence have contributed to our ability to reach most of our corporate goals, even in this difficult economic environment.

We would also like to express our thanks to our works council for their objective and constructive cooperation.

VI. Quality management

Within the construction industry, the demands of planning, preparation and implementation are becoming increasingly more complex and extensive, for reasons including the changing legal framework.

For this reason, a certified quality management system based on international standards has been in existence for nearly twenty years. The decision was made to develop and implement a user-friendly and efficient integrated management system. It is available to staff as a supporting toolkit to ensure that implementation conforms to contractual and legal requirements.

As well as quality (ISO 9001), the integrated management system also encompasses occupational health and safety (OHSAS 18001) and environment (ISO 14001). Through internal and external audits and the annual executive management review, the application and implementation of standards is assured, assessed and, where necessary, adapted.

Mission statement and company policy

The mission statement is determined by management in accordance with the group strategy and geared to the type of service.

We plan the specific customer benefit in expert professional consultation, before and during construction phase. The employees provide the customers with their long-term experience and their overall expertise. We aim to serve our customers even after completing the service and maintain customer contact.

We plan and operate in accordance with the principle: 'quality over quantity'.

This is the prerequisite for the successful realisation of our projects. The responsible running and handling of construction sites and services, as we understand it, means ensuring a consistently high standard of quality. Aspects like environmental protection have a high significance for us, just as adhering to customer's delivery dates does. For us, quality also means being able to offer the customer not just personnel with first class training but also a state of the art equipment fleet taking into account resource-saving environmental aspects.

Our company policy is 'return before revenue'. For this reason, people in responsibility positions have a lot of freedom of choice in the acquisition and implementation of projects. With the aid of cost accounting, we can transparently measure economic success and confirm this with the responsible people on a monthly basis.

It is a declared goal of management to implement the legal requirements in relation to preventative occupational safety and health protection. To fulfil the requirements, corresponding programmes taking into account occupational physicians, safety officers and the responsible representatives are implemented.

All areas of organisation are involved in ensuring a robust environmental performance taking into account the client and the legal requirements. For this, there are set goals and environmental programmes derived from the mission statement to be implemented from an economic perspective.

There are further management goals and programmes to consider the relevant environmental aspects, as well as the legal conditions.

We see our suppliers and subcontractors as powerful partners. Our collective goal is optimal customer satisfaction. To achieve this, it is necessary to consider qualitative and economic aspects and those relevant to the environment in the selection of our suppliers and subcontractors and to evaluate these as part of the provision of services according to set criteria. Our mission statement is geared towards preventative error avoidance and a continuous improvement of operational and organisational structure.

VII. Environment and energy

The construction sector is a resource- and energy intensive branch of industry and therefore impacts significantly and extensively on the environment. Aware of finite resources and increasing environmental damage, SWIETELSKY strives to ensure the application of resource-saving processes and environmentally friendly equipment in all project phases.

We have our own waste management system, waste management plans and environmental officer, thus environmental protection, taking into account extensive legal requirements, is afforded great importance.

SWIETELSKY endeavours to the best of its ability to participate in reaching the EU target of recycling 70% of construction waste and thereby reducing landfill.

Because of these requirements, SWIETELSKY considers itself obliged to transform the mineral wastes from construction sites into CE-marked materials recycling products as far as possible. Certified in-house production controls serve to ensure the quality control of these products. In order to improve environmental performance, it is necessary to utilise these materials increasingly at the point of origin or to use them as substitutes in the production of building materials. Thus primary raw materials are conserved and the logistics outlay and resulting emissions reduced.

Non-reusable waste is sorted according to material and stored temporarily in an environmentally compatible fashion. Segregated collection means expenses are reduced and the recycling rate is increased. SWIETELSKY also ensures proper disposal via the operation of landfill sites.

Various energy and environmental protection projects are developed and implemented in branches and subsidiaries. Production facilities are regularly evaluated for energy efficiency and updated with regard to economic aspects. On the basis of the opportunities for improving energy efficiency put together in the last energy audit report, smaller and larger projects are being developed and implemented. These begin with the ongoing switchover to LED lighting in office and production spaces and end with greater investment and the replacement of heating systems.

When investing in fleet and when new machinery and equipment is purchased, energy consumption is a significant decision criterion. Annual CO_2 monitoring is provided for the significant vehicle types in the fleet.

The ongoing recording of the use of energy in the production process enables us to show savings potential by comparing production costs at different production sites.

In many areas, particularly in mountainous regions, SWIETELSKY tackles erosion control with both technical and biological methods. In addition, innovative solutions, tailored to the specific site, are being developed. These developments have in some cases also resulted in patent applications.
In the environmental domain, the primary aim is to conserve resources such as air, water, energy and soil, to optimise materials and logistics outlay and to reduce emissions as far as possible. Continuous improvement of the quality awareness and environmental awareness of staff is therefore regarded by management as an executive function.

VIII. Technology and innovation

Advancements and new solutions are developed on various levels at SWIETELSKY. The IMS – 'integrated management systems' – department, ensures that our company is informed about the latest developments specific to the building materials and construction techniques sector. The commitment of highly qualified staff ensures that we are in a position to carry out our own developments as well as contributing to and arranging research projects.

In addition to specific research and development projects, a large percentage of innovations take place as part of ongoing construction projects in which new solutions are required due to scheduling, geological or technical framework requirements. Almost on a yearly basis, new technologies are developed in tunnel, alpine and railway construction or innovative methods are put to use and continuously developed and improved. In the last financial year for the first time new construction methods were submitted as research and development projects in the field of civil engineering.

Rapid development in the area of environmental sustainability of building products and excavated soil necessitates developments in the area of testing methodology and adaptation of existing test methods in our accredited test and inspection centre. Here the organisation and evaluation of round robin tests and comparative tests are essential tools. Our knowledge in this field is also used by external construction material manufacturers as part of studies and reports.

The findings obtained as part of materials testing help to develop sustainable applications.

IX. Forecast

In the current World Economic Outlook (WEO), IMF revises its forecast for 2018 for the Eurozone further upwards. The growth forecast for 2018 is now 2.4%, that for 2019 remains unchanged at 2.0%. The forecast for the Euroconstruct countries is at 2.3% (2018 and 2.0% for 2019). The upwards revision is caused by fiscal stimuli from the USA as well as the higher domestic and foreign demand and the expansive monetary policy environment. The risks are increasing around the world, with geopolitical risks in particular being considered dominant. The current forecast is therefore subject to a significantly increased forecast uncertainty. The volatility of the financial markets has recently increased significantly and the consequences of the discussed introduction of punitive tariffs between the USA and major trading partners (European Union, China) are difficult to estimate.

The growth of the construction sector will also advance in 2018 with a predicted 2.7%. It is worthy of note here that until now, a growth over two years has never before been seen in all of the Euroconstruct countries. The highest growth is expected in Hungary (24.6%), Ireland (11.1%) and Poland (9.9%). In Great Britain (0.1%) and Germany (0.8%) on the other hand, growth is at its lowest. New residential construction will grow further, however, with 5.1% only half as fast as in 2017. Civil engineering will continue to develop positively and its growth in 2018 will more than double to 4.4%. According to the forecast, the growth of the construction sector will halt in 2019 (1.9%) and 2020 (1.4%), whereas in some countries reverse development is expected (Germany and Sweden 2019: -0.2%).

The Austrian economy will again have strong growth according to the OeNB in the coming months. In relation to the economic peak at the end of 2017, a slight reduction is actually expected, but growth will remain above the long-standing average. According to the Austrian Institute for Economic Research (WIFO), economic growth of 3.2% is expected for the full year of 2018. As well as the domestic demand, foreign trade contributes positively to the growth of the Austrian economy. The persistent improvement in the labour market and optimal consumer confidence are reflected in domestic demand. Export growth will continue, although on a significantly lower level (2017: 6.7%, 2018: 1.1%).

There are uncertainties with regard to economic development in Austria, due to threatened import restrictions by the USA, which Austria may encounter both directly and indirectly – especially in the automotive industry. The EU budget, and thus that of Austria, is hampered by Great Britain's departure from the European Union. Possible difficulties may also arise in economic relations with Great Britain due to their leaving the EU.

The positive economic development will also influence the growth of the construction sector, if in a somewhat toned-down way. A growth of 1.6% is forecast for 2018 and a further increase of 1.5% is expected for 2019 and 2020. Building construction (2018: 1.7%, 2019: 1.5%) is set to perform better than civil engineering over the next two years (2018: 1.1%, 2019: 1.3%). WIFO's preview for 2020 shows civil engineering may increase by a further 2.3% and building construction may increase by 1.3%.

In Austria, SWIETELSKY expects a slight growth in construction output.

The German economy also grew in the first quarter of 2018. The GDP increased by 0.3% in relation to the previous quarter when adjusted for prices. As expected, growth was lower than the high quarterly average growth of the German economy of 0.7% in 2017. The demand for industrial production both domestically and from countries outside of the Eurozone fell below that from the previous quarter and thus reduced exports. There were also certain one-off effects, which had a temporarily reducing effect. But all in all, the upturn of the German economy remained intact. The global economy is also fundamentally in good shape and the German economy remains geared towards growth, for example if you take the labour demand as a basis. The applicable business climate indicators are actually not quite as positive as at the turn of the year, but the above-average level significantly speaks for the continuation of the upturn, if perhaps with a slightly adjusted momentum.

After years of stable growth, it is expected that the momentum of the construction sector will level off (0.8%). New residential construction in particular will even out on a high level – after years of high growth rates (2018: 4.5%, 2019: 2.0% and 2020: -1.5%). The rest of building construction barely has an impact (2018: 0.9%, 2019: -0.8% and 2020: -1.1%). Despite the high budget surpluses, a slightly recessive development is expected in civil engineering for the next few years (2018: -0.5%, 2019: -1.0% and 2020: -0.3%).

With its activities in Germany, SWIETELSKY anticipates – contrary to the general trend – a significant increase in construction output for the ongoing financial year.

The Hungarian economy's prospects remain excellent. Further economic growth of 4.2% is expected for 2018 and 3.3% is expected for 2019. This development is primarily due to the increase in EU grants for the period 2014 to 2020 and the resulting public orders primarily in the construction sector. The economic development in Hungary is highly dependent on exports – particularly automobile exports to Germany. The economy may also be supported by the strengthening purchasing power of Hungarian households. Private consumption will increase further, though purchasing power in a European comparison is still very low (GDP/capita EUR 19,735).

The construction sector will benefit from the positive development of the economy. A growth of 24.6% is forecast for 2018, in 2019 a further increase of 11.2% should be possible and then in 2020 it will stagnate on a high level (-0.4%). Building construction will grow disproportionately huge (2018: 28.2%, 2019: 10.4%) and dwindle in 2020 by 2.5%. The development of civil engineering reflects the expiry of EU grants (2018: 16.8%, 2019: 13.1% and 2020: 4.8%).

SWIETELSKY again forecasts an increase in construction output for Hungary.

The Czech economy remains on a growth trajectory, but the risks of a waning economy are increasing. An acute lack of staff – the unemployment rate is currently at just 2.4% and will continue to fall – appreciation of the Czech crown and increasing interest costs lead to lower growth rates. According to Euroconstruct, a growth of 3.6% is expected in 2018, which will level off further in 2019 (3.2%) and 2020 (2.6%).

Contrary to the original forecast, the construction sector has developed significantly better than predicted in 2017 (Euroconstruct 6/2017 – forecast 2017: 0.0%; Euroconstruct 6/2018: 3.4% for 2017) and will carry on this positive trend in the future. Further considerable increases in total construction output are expected for 2018 (5.0%) and 2019 (6.7%). The trend reversal in civil engineering, which should grow by 4.8% in 2018 and 13.4% in 2019, contributes significantly to this. The growth in building construction – particularly in new residential construction – will probably level off but remain clearly positive (2018: 5.0%, 2019: 4.3%).

SWIETELSKY anticipates significant growth in construction output in the Czech Republic.

In the other countries, SWIETELSKY is trying, depending on the division and market, to acquire promising projects.

Based on the high order backlog, SWIETELSKY expects an increase in construction output of around 10% for the current financial year 2018/19 and comparably good profit to that of the previous year. The return on sales should be again above the relevant industry average.

Linz, 13 July 2018

The management

PETER GAL | **DIPL.-ING. WALTER PERTL** | **ADOLF SCHEUCHENPFLUG** | **DIPL.-ING. KARL WEIDLINGER**

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AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of **SWIETELSKY Baugesellschaft m.b.H., Linz, Austria,** which comprise the Balance Sheet as of 31 March 2018, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2018 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities' section of our report. We are independent of the Company, in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the audit committee regarding, amongst other matters the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with the Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements.

Statement

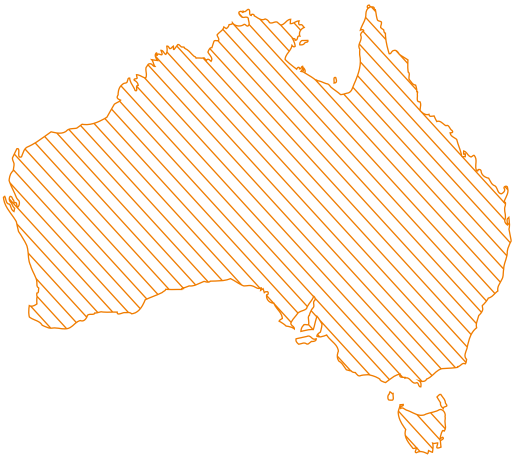
Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Linz, 13 July 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.
The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.



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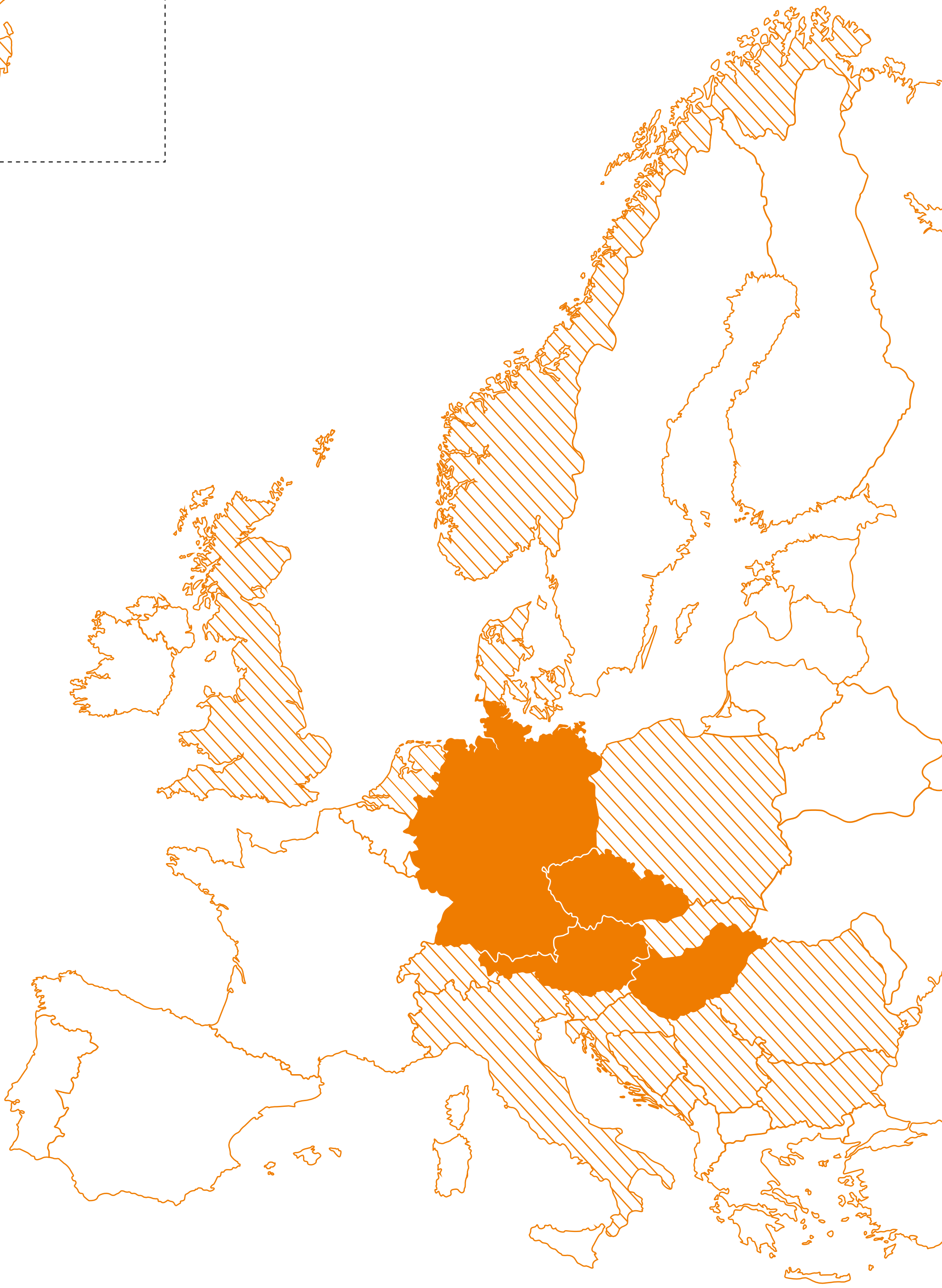

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