



BUILDING ON IDEAS

FINANCIAL STATEMENTS FOR 2016|17



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BALANCE SHEET

AS OF 31 MARCH 2017

ASSETS

	31/03/2017 EUR	31/03/2016 kEUR
A. Non-current assets:		
I. Intangible assets	552,398.00	548
II. Tangible fixed assets:		
1. Land, land rights and buildings, including buildings on third-party land	45,521,251.98	44,844
2. Technical equipment and machinery	46,945,711.84	33,153
3. Other equipment, operating and office equipment	6,448,736.33	5,200
4. Prepayments and assets under construction	3,372,764.15	1,588
	102,288,464.30	84,785
III. Non-current financial assets:		
1. Shares in affiliated companies	60,090,228.25	52,131
2. Loans to affiliated companies	530,250.00	667
3. Other non-current equity investments	9,617,253.40	8,900
4. Loans to other non-current investees and investors	2,765,679.31	2,868
5. Non-current (book-entry) securities	1,350,786.16	12,917
	74,354,197.12	77,481
	177,195,059.42	162,814
B. Current assets:		
I. Unfinished construction work	607,937,990.07	607,222
Advances received	-560,206,651.17	-554,346
	47,731,338.90	52,876
II. Inventories:		
1. Raw materials, consumables and supplies	13,286,043.15	17,870
2. Undeveloped land	12,221,582.80	5,412
3. Real estate	5,028,340.93	6,239
4. Prepayments	0.00	244
	30,535,966.88	29,766
III. Receivables and other assets:		
1. Trade receivables	62,107,155.15	57,840
<i>of which due after one year</i>	3,719,850.00	2,084
2. Receivables from project consortiums	16,777,763.94	14,395
3. Receivables from affiliated companies	105,975,877.97	116,334
<i>of which due after one year</i>	21,300,000.00	2,780
4. Receivables from other non-current investees and investors	7,080,822.64	6,864
5. Other receivables and other assets	7,443,724.75	4,672
<i>of which due after one year</i>	1,344,320.10	1,174
	199,385,344.45	200,105
IV. Securities and shares:		
Other securities and shares	38,594,000.00	38,594
V. Cash-in-hand, bank balances	133,596,142.15	108,421
	449,842,792.38	429,761
C. Prepaid expenses	991,850.96	1,458
D. Deferred taxes	5,827,443.00	0
	633,857,145.76	594,033

EQUITY AND LIABILITIES

	31/03/2017 EUR	31/03/2016 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	47,278,929.56	43,364
<i>of which retained profits brought forward</i>	8,364,453.78	13,331
	149,401,415.11	145,487
B. Provisions:		
1. Provisions for severance payments	18,080,014.00	14,444
2. Provisions for pensions	65,494.00	69
3. Provisions for taxes	1,355,000.00	1,875
<i>of which deferred taxes</i>	0.00	1,290
4. Other provisions	38,785,130.50	39,868
	58,285,638.50	56,256
C. Liabilities:		
1. Bond	129,641,000.00	129,641
<i>of which due within one year</i>	55,553,000.00	0
<i>of which due after one year</i>	74,088,000.00	129,641
2. Hybrid bond	70,000,000.00	70,000
<i>of which due within one year</i>	70,000,000.00	70,000
3. Liabilities to banks	4,733.41	7
<i>of which due within one year</i>	4,733.41	7
4. Payments received on account of orders	45,086,150.99	35,594
<i>of which due within one year</i>	45,086,150.99	35,594
5. Trade payables	142,499,947.15	127,484
<i>of which due within one year</i>	126,592,791.15	115,673
<i>of which due after one year</i>	15,907,156.00	11,811
6. Liabilities to project consortiums	4,975,139.75	6,908
<i>of which due within one year</i>	4,975,139.75	6,908
7. Liabilities to affiliated companies	7,246,910.97	2,886
<i>of which due within one year</i>	7,246,910.97	2,886
8. Liabilities from other non-current investees and investors	484,778.86	202
<i>of which due within one year</i>	484,778.86	202
9. Other liabilities	26,231,431.02	19,568
<i>of which taxes</i>	2,630,747.69	2,201
<i>of which social security</i>	650,308.79	819
<i>of which due within one year</i>	25,173,863.00	19,223
<i>of which due after one year</i>	1,057,568.02	345
	426,170,092.15	392,290
<i>of which due within one year</i>	265,117,368.13	180,493
<i>of which due after one year</i>	161,052,724.02	211,797
	633,857,145.76	594,033

INCOME STATEMENT

FOR THE FINANCIAL YEAR 2016/17

	2016/17 EUR	2015/16 kEUR
1. Revenue	1,008,997,740.27	965,369
2. Increase or decrease in finished and unfinished goods inventories	-1,585,188.76	45,228
3. Other own work capitalised	4,556,000.13	3,040
4. Other operating income:		
a) Income from the disposal of fixed assets with the exception of financial assets	732,341.68	342
b) Income from the reversal of provisions	1,057,200.00	0
c) Other	5,829,492.52	3,318
	7,619,034.20	3,660
5. Expenses for material and other purchased construction services:		
a) Cost of materials	-204,061,434.00	-215,460
b) Cost of purchased services	-441,201,088.66	-421,207
	-645,262,522.66	-636,668
6. Personnel expenses:		
a) Wages	-122,077,111.38	-117,812
b) Salaries	-97,173,384.89	-91,605
c) Social security expenses	-63,958,573.82	-59,453
<i>of which for pension</i>	-10,506.04	4
<i>of which for expenses for severance payments and payments into employee welfare funds</i>	-8,937,487.51	-5,745
<i>of which for expenses for mandatory social security contributions, income-based and compulsory contributions</i>	-51,844,434.78	-50,799
	-283,209,070.09	-268,870
7. Depreciation and amortisation of intangible assets and tangible fixed assets	-22,078,016.39	-17,128
8. Other operating expenses:		
a) Taxes, not falling under 18	-579,666.54	-572
b) Other	-63,025,707.82	-82,667
	-63,605,374.36	-83,239
9. Subtotal from rows 1 to 8 (operating result)	5,432,602.34	11,394



	2016/17 EUR	2015/16 kEUR
10. Income from non-current equity investments	37,975,491.23	47,169
<i>of which from affiliated companies</i>	33,424,046.15	41,661
11. Income from other securities and loans from non-current financial assets	2,270,025.00	1,748
12. Other interest and similar income	2,575,916.02	2,885
<i>of which from affiliated companies</i>	1,805,275.49	1,947
13. Income from the disposal of and reversals of write-downs of non-current financial assets and current securities	4,150,463.46	888
14. Losses from financial assets	-12,475,790.59	-23,399
<i>of which write-downs</i>	-431,471.26	-2,216
<i>of which losses from affiliated companies</i>	-12,001,797.33	-21,176
15. Interest and similar expenses	-10,931,466.61	-15,006
<i>of which from affiliated companies</i>	-382,124.28	-718
16. Subtotal from rows 10 to 15 (financial result)	23,564,638.51	14,285
17. Earnings before tax	28,997,240.85	25,679
18. Taxes on income and earnings	9,917,234.93	4,232
<i>of which deferred taxes</i>	7,117,266.00	41
19. Earnings after tax = Net income for the financial year	38,914,475.78	29,912
20. Release of revenue reserves	0.00	122
21. Retained profits brought forward	8,364,453.78	13,331
21. Net retained profits	47,278,929.56	43,364

NOTES FOR THE FINANCIAL YEAR 2016/17

OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

I. General principles

The financial statements for 2016/17 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, with the exception of amendments resulting from RÄG 2014.

The previous year's figures have been adjusted in line with the amended provisions of the RÄG 2014 with regard to the structure of the balance sheet and the income statement; This relates in particular to the reclassification of untaxed reserves after deduction of the provisions for deferred taxes thereon, the presentation of the reserve movement at the end of the profit and loss account, and the amended presentation of the investment level, with the exception of amendments resulting from the RÄG 2014.

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, with the exception of amendments due to the first application of RÄG 2014. Changes concern in particular the valuation of personnel provisions and the valuation of deferred taxes.

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 lives** 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 1.85% (previous year: 2.00%) as well as a salary-related promise of salary increase of 2.00%. Actuarial gains and losses are recognised in income. In the previous year, provisions for severance payments were calculated using financial mathematical principles.

Provisions for **pensions** were calculated according to IAS 19, using the projected unit credit method based on an actuarial interest rate of 1.85% (previous year: 2.00%) 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 fiscal 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; for changes triggered by the RÄG 2014, see General principles.

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 283 (previous year: kEUR 371), which affect the cash flow after the balance sheet date. The receivables from affiliated companies relate to loans receivable in the amount of kEUR 13,013 (previous year: kEUR 8,430) 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 for guarantees, non-current provisions and allocations from partnerships.

Deferred taxes developed as follows:

	kEUR
As of 31/03/2016 ¹⁾	0
First-time application of RÄG 2014	-1,290
As of 01/04/2016	-1,290
Changes of income	7,117
As of 31/03/2017	5,827

¹⁾ No capitalization of deferred taxes as of 31/03/2016.

No deferred tax assets were recognised for future tax liabilities resulting from the recognition of losses in the

amount of kEUR 32,413 (previous year: kEUR 33,387) of foreign subsidiaries, as losses abroad are unlikely to be realized, according to § 9 (6) 6 KStG.

Provisions

There are no deferred tax provisions in the balance sheet, which have not been reported separately (previous year: kEUR 1,290).

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

On 3 May 2017 it became known, via searches of the premises of more than 50 Austrian construction companies, that SWIETELSKY Baugesellschaft m.b.H. was among those affected by proceedings conducted by the Austrian Competition Authority and the Austrian Central Public Prosecutor's Office for Combating Economic Crimes and Corruption. The reason for these searches was given by the authorities as the presence of reasonable cause to suspect that, in a large number of tenders, horizontal agreements contrary to competition law had taken place between the companies involved.

Due to the immediately implemented, ongoing internal investigations and the partial inspection of records granted by the authorities in the meantime, it cannot be ruled out that this well-founded suspicion, originating from the search and also aimed at the SWIETELSKY Baugesellschaft m.b.H., is not justified in cases which are not yet precisely clear. Conviction of the SWIETELSKY Baugesellschaft m.b.H. for participation in horizontal agreements could, viewed in the abstract, have the following consequences for the business: financial penalties in the case of violations of the ban on cartels; claims for damages from potentially aggrieved contractors on the basis of an antitrust conviction; in the case of conviction of SWIETELSKY employees, corporate financial penalties on the basis of the Austrian Corporate Criminal Liability Act.

The situation is extremely complex and still in the early stages of investigation. On the basis of current knowledge there is no quantification, even rough or indicative, that such breaches and their resulting property consequences for the SWIETELSKY Baugesellschaft m.b.H. are plausible. Provisions have been made for the estimated legal costs of these proceedings.

Liabilities

Total liabilities with a maturity of more than five years amount to kEUR 70,269 (previous year: kEUR 70,153).

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 18,310 (previous year: kEUR 10,833), which affect the cash flow after the balance sheet date.

No physical securities have been supplied.

In the financial year 2015/16, issued bonds were repurchased in the amount of kEUR 30,359. In addition, hybrid bonds with a nominal value of kEUR 11,847 were repurchased. On 31 March 2017, 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 31/03/2017:

FIGURES IN THOUSAND EUR	31/03/2017	31/03/2016
Warranties and guarantees	254,942	253,549
of which affiliated companies	252,629	251,108

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	11,612	20,636
Rental contracts	2,114	36,428
	13,726	57,063
Previous year	14,849	48,140

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	2016/17	2015/16
Domestic market	867,750	849,260
Foreign countries	141,247	116,109
	1,008,998	965,369

Revenue broken down by areas of activity:

FIGURES IN THOUSAND EUR	2016/17	2015/16
Road construction	185,049	164,113
Civil engineering	157,502	154,459
Railway construction	124,904	154,459
Building construction	541,542	492,338
	1,008,998	965,369

Expenses for severance payments and payments into employee welfare funds

FIGURES IN THOUSAND EUR	2016/17	2015/16
Expenses for severance payments	8,008	4,910
Payments to employee welfare funds	930	835
	8,937	5,745

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

FIGURES IN THOUSAND EUR	2016/17	2015/16
Management	83	51
Executives	295	704
Other employees	8,559	4,990
	8,937	5,745

In the financial year 2016/17, the members of the management received a total of kEUR 6,352 in earnings (previous year: kEUR 3,742).

Depreciation and amortisation of intangible assets and tangible fixed assets

In the financial year, unscheduled impairments to tangible fixed assets of kEUR 1,165 (previous year: kEUR 0) were made.

V. Other information

Relationships with affiliated companies

For the financial year 2016/17 there are loss coverage commitments to RTS Rail Transport Service GmbH, Graz, and Romberger Fertigteile GmbH, Gurten. For the financial year 2017/18 there is a loss coverage commitment to Romberger Fertigteile GmbH, Gurten.



Elements and employees of the company

The following persons were active as **Managing Directors** in the financial year 2016/17:

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

The following members were part of the **Supervisory Board** of the company in the financial year 2016/17:

Dr. Norbert Nagele	Chairman
Dr. Günther Grassner	Vice-chairman
Dipl.-Ing. Werner Baier	
Ing. Helmut Deuschl	since 18/05/2016 until 1/05/2017
Dr. André Hovaguimian	
Ing. Franz Rohr	since 1/05/2017
Mag. Karl Schlögl	
Johann Karmedar	until 16/12/2016
Manuel Madurski	since 16/12/2016
Andrea Steinkellner	
Bruno Wyhs	

Remuneration of kEUR 357 (previous year: kEUR 310) was paid to the members of the supervisory board.

Employees (average)

	2016/17	2015/16
Blue-collar worker	2,702	2,664
White-collar worker	1,196	1,163
	3,898	3,826

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 47,278,929.56 and to carry forward the remaining amount to new account.

Linz, 14 July 2017



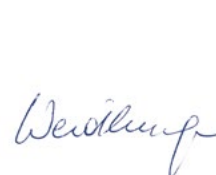
PETER GAL



DIPL.-ING. WALTER PERTL



ADOLF SCHEUCHENPFLUG



DIPL.-ING. KARL WEIDLINGER

STATEMENT OF CHANGES IN FIXED ASSETS

AS OF 31 MARCH 2017

FIGURES IN EUR	Historical costs	
	As of 01/04/2016	Additions
I. Intangible fixed assets:		
Software and licences	6,235,335.85	419,944.09
II. Tangible fixed assets:		
1. Land, land rights and buildings, including buildings on third-party land (Basic value EUR 7,946,771.99; previous year: kEUR 6,204)	67,310,238.87	4,434,223.16
2. Technical equipment and machinery	123,725,666.72	29,485,687.43
3. Other equipment, operating and office equipment	24,395,476.91	3,692,674.85
4. Prepayments and assets under construction	1,587,918.52	2,000,301.55
	217,019,301.02	39,612,886.99
III. Non-current financial assets:		
1. Shares in affiliated companies	85,504,538.85	5,398,308.74
2. Loans to affiliated companies	666,750.00	0.00
3. Other non-current equity investments	10,747,253.40	717,500.00
4. Other non-current equity investments	2,867,616.19	210,000.00
5. Non-current (book-entry) securities	13,228,665.32	53,724.24
	113,014,823.76	6,379,532.98
	336,269,460.63	46,412,364.06



Reclassifications	Disposals	As of 31/03/2017
0.00	332,638.19	6,322,641.75
170,129.14	3,962,438.18	67,952,152.99
45,326.78	2,603,359.77	150,653,321.16
0.00	1,079,694.91	27,008,456.85
-215,455.92	0.00	3,372,764.15
0.00	7,645,492.86	248,986,695.15
0.00	252,324.26	90,650,523.33
0.00	136,500.00	530,250.00
0.00	70,000.00	11,394,753.40
0.00	311,936.88	2,765,679.31
0.00	11,930,874.91	1,351,514.65
0.00	12,701,636.05	106,692,720.69
0.00	20,679,767.10	362,002,057.59

STATEMENT OF CHANGES IN FIXED ASSETS

AS OF 31 MARCH 2017

FIGURES IN EUR	Cumulative depreciation		
	As of 01/04/2016	Additions	Reversal of write-downs
I. Intangible fixed assets:			
Software and licences	5,687,434.85	415,447.09	0.00
II. Tangible fixed assets:			
1. Land, land rights and buildings, including buildings on third-party land (Basic value EUR 7,946,771.99; previous year: kEUR 6,204)	22,466,028.18	3,673,107.08	0.00
2. Technical equipment and machinery	90,572,765.39	15,609,131.70	0.00
3. Other equipment, operating and office equipment	19,195,856.91	2,380,330.52	0.00
4. Prepayments and assets under construction	0.00	0.00	0.00
	132,234,650.48	21,662,569.30	0.00
III. Non-current financial assets:			
1. Shares in affiliated companies	33,374,030.16	431,471.26	3,002,502.09
2. Loans to affiliated companies	0.00	0.00	0.00
3. Other non-current equity investments	1,847,500.00	0.00	0.00
4. Other non-current equity investments	0.00	0.00	0.00
5. Non-current (book-entry) securities	312,144.09	0.00	701.75
	35,533,674.25	431,471.26	3,003,203.84
	173,455,759.58	22,509,487.65	3,003,203.84



		Carrying amounts	
Disposals	As of 31/03/2017	As of 31/03/2017	As of 31/03/2016
332,638.19	5,770,243.75	552,398.00	547,901.00
3,708,234.25	22,430,901.01	45,521,251.98	44,844,210.69
2,474,287.77	103,707,609.32	46,945,711.84	33,152,901.33
1,016,466.91	20,559,720.52	6,448,736.33	5,199,620.00
0.00	0.00	3,372,764.15	1,587,918.52
7,198,988.93	146,698,230.85	102,288,464.30	84,784,650.54
242,704.25	30,560,295.08	60,090,228.25	52,130,508.69
0.00	0.00	530,250.00	666,750.00
70,000.00	1,777,500.00	9,617,253.40	8,899,753.40
0.00	0.00	2,765,679.31	2,867,616.19
310,713.85	728.49	1,350,786.16	12,916,521.23
623,418.10	32,338,523.57	74,354,197.12	77,481,149.51
8,155,045.22	184,806,998.17	177,195,059.42	162,813,701.05

LIST OF INVESTMENTS

SWIETELSKY BAUGESELLSCHAFT M.B.H. AS OF 31 MARCH 2017

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 3,585	579
Bahnbau Petri Hoch- und Tiefbau Gesellschaft m.b.H.	AT	Fischamend	100.00%	KEUR 396	204
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 550	8
BauQ Projekt GmbH	AT	Hart bei Graz	100.00%	KEUR	³⁾
C. Peters Baugesellschaft m.b.H.	AT	Linz	100.00%	KEUR 1,227	179
Georg Fessler GmbH (formerly: Georg Feßl GmbH)	AT	Zwettl	100.00%	KEUR 740	339
HTB Baugesellschaft m.b.H.	AT	Arzl im Pitztal	100.00%	KEUR 11,606	6,227
Ing. Karl Voitl Gesellschaft m.b.H.	AT	Vienna	100.00%	KEUR 189	-170
Jos. Ertl GmbH	AT	Breitbrunn	100.00%	KEUR 634	374
Kallinger Bau GmbH	AT	Fischamend	100.00%	KEUR 2,477	1,222
Kontinentale Baugesellschaft m.b.H.	AT	Waidhofen an der Thaya	100.00%	KEUR 1,172	248
Romberger Fertigteile GmbH	AT	Gurten	100.00%	KEUR 306	-1,110
RTS Rail Transport Service GmbH	AT	Graz	100.00%	KEUR 2,344	1,427
SWIETELSKY - INTERNATIONAL Baugesellschaft m.b.H.	AT	Linz	100.00%	KEUR 6,775	4,462
Swietelsky Bauträger Ges.m.b.H.	AT	Linz	100.00%	KEUR 94	-3
Swietelsky Developments GmbH	AT	Vienna	100.00%	KEUR -336	-441
Swietelsky Immobilien GmbH	AT	Vienna	100.00%	KEUR 307	-28
Swietelsky Liegenschaftsverwaltung Bauhof Asten GmbH	AT	Linz	100.00%	KEUR 23	-12
Swietelsky Liegenschaftsverwaltung Trumau GmbH (formerly: Swietelsky Liegenschaftsverwaltungs GmbH EINS)	AT	Linz	100.00%	KEUR 76	22
Swietelsky Liegenschaftsverwaltung Klagenfurt GmbH (formerly: Swietelsky Liegenschaftsverwaltungs GmbH ZWEI)	AT	Linz	100.00%	KEUR 62	19

at least 20.00% shareholding

			Capital share	Equity / negative equity ¹⁾	Result ²⁾
Shares in affiliated companies					
Swietelsky Tunnelbau GmbH	AT	Salzburg	100.00%	kEUR 396	318
Swietelsky Tunnelbau GmbH & Co KG	AT	Salzburg	100.00%	kEUR 2,112	2,077
Transportbeton und Asphaltgesellschaft m.b.H.	AT	Zams	100.00%	kEUR 720	548
Duswald Bau GmbH	AT	Neumarkt im Hausruckkreis	94.00%	kEUR 258	-832
SRT GmbH	AT	Linz	90.00%	kEUR	³⁾
ERWA Beteteiligungs GmbH	AT	Linz	80.00%	kEUR -81	-1,056
Metallbau Wastler GmbH	AT	Linz	80.00%	kEUR 132	-23
TB Betonwerk Zams GmbH	AT	Zams	52.00%	kEUR	³⁾
SWIETELSKY RAIL (AUSTRALIA) PTY LTD	AU	Surry Hills	100.00%	kAUD -1,248	66
Swietelsky d.o.o.	BA	Sarajevo	100.00%	kBAM	³⁾
SWIETELSKY Rail CZ s.r.o.	CZ	České Budějovice	100.00%	kCZK 16,198	-13,023
SWIETELSKY stavebni s.r.o.	CZ	České Budějovice	100.00%	kCZK 503,556	78,530
Swietelsky Baugesellschaft mbH.	DE	Traunstein	100.00%	kEUR 14,034	6,425
Wadle Bauunternehmung GmbH	DE	Essenbach	100.00%	kEUR 7,614	5,892
SWIETELSKY TRAVAUX FERROVIAIRES	FR	Metz	100.00%	kEUR	³⁾
SICE LIMITED	GB	Edinburgh	100.00%	kGBP	³⁾
SWIETELSKY CONSTRUCTION COMPANY LTD.	GB	Reading	100.00%	kGBP 3,975	1,207
Swietelsky d.o.o.	HR	Zagreb	100.00%	kHRK 15,974	1,164
CELL-BahnBau Danubia Kft.	HU	Celldömölk	100.00%	kHUF 85,799	-518
DS VASÚT Kft.	HU	Celldömölk	100.00%	kHUF 4,957	2,396
G.K.S. SWIETELSKY Kft.	HU	Dunakeszi	100.00%	kHUF	³⁾
Rapid Tanács Kft.	HU	Celldömölk	100.00%	kHUF	³⁾
SWIETELSKY Építő Kft.	HU	Budapest	100.00%	kHUF 12,581	3,106
SWIETELSKY Magyarország Kft.	HU	Budapest	100.00%	kHUF 10,577,509	4,945,159
Swietelsky Vasúttechnika Kft.	HU	Celldömölk	100.00%	kHUF 3,460,126	1,736,700
Vasútgép Kft.	HU	Celldömölk	100.00%	kHUF 150,404	102,315
HTB - Hoch-Tief-Bau Srl	IT	Nalles	90.00%	kEUR	³⁾
SWIERA SRL in Liquidazione	IT	Nalles	82.17%	kEUR	³⁾
Swietelsky Rail Luxembourg S.à.r.l.	LU	Windhoff	100.00%	kEUR	³⁾
Swietelsky Rail MN d.o.o.	ME	Podgorica	100.00%	kEUR	³⁾
Swietelsky Rail Benelux B.V.	NL	JR Oisterwijk	100.00%	kEUR -16,737	-9,910
Swietelsky Rail Norway AS	NO	Drammen	100.00%	kNOK 3,484	-8

at least 20.00% shareholding

Capital share	Equity / negative equity ¹⁾	Result ²⁾
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Shares in affiliated companies

Swietelsky Rail Polska Spolka Z o.o.	PL	Krakow	100.00%	kPLN	5,996	575
Swietelsky Spolka Z o.o.	PL	Lublin	100.00%	kPLN	9,747	1,957
Swietelsky Constructii SRL	RO	Bucharest	100.00%	kRON	-17,065	449
S.C. DRUMSERV SA	RO	Tirgu Mures	99.99%	kRON	11,161	83
S.C. AMFIBOSWIN SRL	RO	Sibiu	56.50%	kRON		³⁾
Swietelsky Rail SRB d.o.o. Beograd in Liquidation	RS	Novi Beograd	100.00%	kRSD		³⁾
Swietelsky gradbeno d.o.o.	SI	Laibach	100.00%	kEUR		³⁾
Swietelsky Slovakia spol.s.r.o	SK	Bratislava	100.00%	kEUR	843	125

Other non-current equity investments

ASB Nörsach GmbH	AT	Linz	50.00%	kEUR		³⁾
Asphaltwerk Seibersdorf GmbH	AT	Linz	50.00%	kEUR		³⁾
ASW - Asphaltmischanlage Zams GmbH	AT	Zams	50.00%	kEUR		³⁾
ASW - Asphaltmischanlage Zams GmbH & Co. KG	AT	Zams	50.00%	kEUR		³⁾
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	AT	Graz-St.Peter	50.00%	kEUR		³⁾
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H. & Co. KG	AT	Graz-St.Peter	50.00%	kEUR		³⁾
PAM-Pongauer Asphaltmischanlagen GmbH	AT	St. Johann im Pongau	50.00%	kEUR		³⁾
PAM-Pongauer Asphaltmischanlagen GmbH & Co KG	AT	St. Johann im Pongau	50.00%	kEUR		³⁾
Umfahrung Zwettl Errichtungs- und Betriebsgesellschaft m.b.H.	AT	Linz	50.00%	kEUR		³⁾
Asphaltmischwerk Weißbach GmbH & Co. Nfg. KG	AT	Weißbach bei Lofer	45.00%	kEUR		³⁾
AWB Asphaltmischwerk Weißbach Betriebs-GmbH	AT	Vienna	45.00%	kEUR		³⁾
Kieswerk-Betriebs-Gesellschaft m.b.H.	AT	Zams	37.50%	kEUR		³⁾
Pinzgau Beton GmbH	AT	Salzburg	37.00%	kEUR		³⁾
Pinzgau Beton GmbH & Co KG	AT	Salzburg	37.00%	kEUR		³⁾
Gaspix Beteiligungsverwaltungs GmbH	AT	Zirl	35.53%	kEUR		³⁾
RBA - Recycling- und Betonanlagen Ges.m.b.H. & Co. Nfg. KG	AT	Zirl	35.53%	kEUR		³⁾
AMS - Asphaltmischwerk Süd Gesellschaft m.b.H.	AT	Linz	35.00%	kEUR		³⁾
FMA Asphaltwerk GmbH	AT	Feldbach	35.00%	kEUR		³⁾

at least 20.00% shareholding

Other non-current equity investments

			Capital share	Equity / negative equity ¹⁾	Result ²⁾
FMA Asphaltwerk GmbH & Co KG	AT	Feldbach	35.00%	KEUR	³⁾
AMW Asphaltwerk GmbH	AT	Weitendorf	33.34%	KEUR	³⁾
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	AT	Linz	33.33%	KEUR	³⁾
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co. KG	AT	Linz	33.33%	KEUR	³⁾
Hausruck Baugesellschaft m.b.H.	AT	Schlüßlberg	33.33%	KEUR	³⁾
Kieswerk - Betriebs - Gesellschaft m.b.H. & Co. Kommanditgesellschaft	AT	Zams	33.33%	KEUR	³⁾
TAM Traisental Asphaltmischwerk Ges.m.b.H.	AT	Nußdorf ob der Traisen	33.33%	KEUR	³⁾
TAM Traisental Asphaltmischwerk Ges.m.b.H. & Co KG	AT	Nußdorf ob der Traisen	33.33%	KEUR	³⁾
AMW Leopoldau GmbH & Co OG	AT	Vienna	33.32%	KEUR	³⁾
AWT Asphaltwerk GmbH	AT	Stadtschlaining	33.00%	KEUR	³⁾
AMA Linz GmbH	AT	Linz	30.00%	KEUR	³⁾
AHRENTAL ABBAU- UND AUFBEREITUNGSGESELLSCHAFT M.B.H.	AT	Innsbruck	29.87%	KEUR	³⁾
Petschl Frästechnik GmbH	AT	Arbing	29.03%	KEUR	³⁾
ASW - Asphaltmischanlage Innsbruck GmbH	AT	Innsbruck	26.00%	KEUR	³⁾
ASW - Asphaltmischanlage Innsbruck GmbH & Co KG	AT	Innsbruck	26.00%	KEUR	³⁾
Hemmelmair Frästechnik GmbH	AT	Linz	25.00%	KEUR	³⁾
VAM - Valentiner Asphaltmischwerk Gesellschaft m.b.H.	AT	Linz	25.00%	KEUR	³⁾
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co. KG	AT	Linz	25.00%	KEUR	³⁾
Eurailpool GmbH	DE	Ismaning	50.00%	KEUR	³⁾
RPM Wiebe & Swietelsky & Co KG	DE	Achim	49.00%	KEUR	³⁾
RPM Wiebe & Swietelsky Beteiligungs-GmbH	DE	Achim	49.00%	KEUR	³⁾
Cosbau S.r.l. in Liquidazione	IT	Nalles	20.00%	KEUR	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 2016/17

OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

I. Macroeconomic environment

In 2016, global economic growth amounted to 3.1% (current economic situation according to the Austrian National Bank, May 2017). Nine years after the onset of the global financial and economic crisis, the resulting sovereign debt crisis in the eurozone and the recessions in several commodity-exporting countries which had run into economic difficulties primarily due to falling commodity prices, the situation in both industrialised and emerging countries steadily normalised in 2016 (macroeconomic forecast of the Austrian National Bank, June 2017).

The decision of the British to leave the EU and the unexpected outcome of the US election had no negative effects on short-term economic growth. Economic growth in both the USA and the United Kingdom was above the expectations of the Austrian National Bank. In the commodity-exporting countries, the rise in the price of oil led to an improved financial position during the course of 2016. The economic recovery in industrialised countries led to an increase in demand for commodities, in particular crude oil. The realignment of Chinese economic policy towards securing long-term sustainable development (slowing down of investments in favour of strengthening private consumption) affected neither the commodity-exporting countries nor the overall global economy.

In the eurozone, GDP growth stood at 1.7% in 2016 and was based largely on domestic demand. In the last quarter of 2016, economic growth remained robust at 0.5% over the previous quarter.

The Euroconstruct countries (EC-19) achieved moderate economic growth of 1.8% in 2016,

so that the development of the member states was largely homogeneous. Ireland (5.2%), Sweden (3.3%), Slovakia (3.3%) and Spain (3.2%) showed exceptional growth. In contrast, Italy (0.9%), Norway (1.0%) and France (1.1%) showed slower growth. Economic growth also improved the labour market situation and led to the lowest rate of unemployment for eight years (Austrian National Bank report on the economic situation, May 2017). A counter-trend was only observed in three Euroconstruct states (Norway, Switzerland and Austria).

The construction industry in the EC-19 countries has continued to develop positively after the increase of 1.8% in 2015 with an increase of 2.5% in 2016. Notable here is the varying development in the individual states, whereby the EC-4 countries in particular significantly missed their projected growth of 4.1% (Euroconstruct June 2016) with a fall of -7.2%. The construction industry in the western European states (EC-15) has shown surprisingly positive growth. The expected growth of the EC-15 states of 2.5% was significantly exceeded with a growth of 3.1% in 2016, since large construction markets such as Germany (2.4%), Great Britain (2.7%), France (3.3%) and Italy (1.9%) performed better than predicted. The total construction volume of the EC-19 states amounted to EUR 1,449 billion, of which 68% was achieved in the five largest member states, Germany, Great Britain, France, Italy and Spain.

Building construction in the EC-19 states was significantly positive at 3.7%, a total volume of EUR 1,147 billion in 2016, whereby growth in individual states continued to vary considerably. Whilst the EC-4 states consistently displayed a decline (-2.4% overall), construction in the EC-15 states developed very positively with a 4.0%

increase. In particular the Nordic states Finland, Norway and Sweden, as well as Ireland, displayed growth rates of over 8%. The positive growth was sustained, as in the previous year, primarily by new residential construction (5.0%), but overall building construction also increased by 2.0% in 2016.

Civil engineering plunged into minus figures overall in 2016, with a total volume of EUR 303 billion and a fall of -1.8%. Varying developments in individual countries are striking: whereas civil engineering in Norway increased further by 12%, in Hungary it declined by 40.5%. Overall, civil engineering showed only lightly negative growth in western Europe (EC-15) (-0.4%), but in east European countries (EC-4) this was significantly negative (-17.2%).

Markets

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

Austria

With an increase of 1.5%, the Austrian economy has certainly gained momentum, but continues to be below the average for the Euroconstruct states (1.8%). The rise was sustained on one hand by private consumption, where improvement in the income situation of private households further increased demand, and on the other hand by additional stimulus from abroad. The export economy profits from the acceleration of industrial activity in the emerging countries, particularly from the supply chain to Germany. No easing of the labour market is anticipated. The continued acute crowding out of the labour market led to an increase in the unemployment rate of 0.3 percentage points to 6.0% in 2016.

After three years in decline (2013: -0.9%, 2014: -0.1%, 2015: -0.6%) the construction industry was able to take a positive turn in 2016 with a 1.3% rise. Residential construction also showed positive tendencies again with a 0.7% rise after several years of stagnation and shrinkage. Although some indicators – population growth, residential building permits – suggest stronger growth, high land prices and insufficient public sector support are slowing down development. Other building construction profited most from the positive economic growth and increased

by 2.2%. The momentum here comes chiefly from the construction of industrial, commercial and office buildings by private investors. The volume of building construction amounts to EUR 28.2 billion or around 81% of total construction in Austria. Civil engineering also developed positively in 2016 (1.3%) and has contributed EUR 6.8 billion (19%) to the total construction amount of EUR 34.9 billion (2015: EUR 32.3 billion).

In the past financial year, SWIETELSKY was able to consolidate past performance increases and with EUR 1,277.9 million attained around 63% of corporate construction output in Austria. Performance increase in the last financial year amounted to EUR 30.7 million or 2.45%. Building construction accounted for about half of this. The proportion of road and railway construction at 24% was marginally less than the previous year. The proportion of civil engineering at 18% and that of tunnel construction at 7% remained constant.

Germany

In 2016 the economic situation in Germany was also characterised by solid and steady growth. The annual average GDP for 2016 was 1.9% higher than in the previous year. The decisive factor for the positive growth of the German economy in 2016 was primarily private consumer spending, which stood at 2.0% higher than the previous year. Public consumption expenditure rose even higher at 4.2%. This sharp increase can be attributed among other factors to the immigration of large numbers of asylum seekers and the resulting costs. Overall consumer spending increased by 2.5% and in 2016 was the largest, although not the only, support for German economic growth. Investments also played their part. Building investments rose sharply in 2016, primarily due to higher investments for residential buildings. Investment in equipment – primarily machinery, appliances and vehicles – also increased compared to the previous year at 1.7%. State budgets remained on a consolidation course in 2016. The public sector – comprising federal government, federal states, municipalities and social security – ended the year with a financing surplus of EUR 19.2 billion.

The German construction industry was able to shape up outstandingly well in 2016, based on solid economic growth with an increase of 2.4% and achieved an overall volume of EUR 310.8 billion (2015: 1.8% and EUR

297.2 billion). The driver of growth was new residential construction (9.4%) which was already prospering in the previous year. Civil engineering, widely dependent on the public sector, which is responsible for around 17% of the total volume, was able to recover from a downward trend (-1.1% in 2015) at 1.9%. Other building construction grew somewhat less by 0.7%, but nevertheless positively.

SWIETELSKY was able to more than compensate for the performance decrease of the previous year and achieve, with EUR 247.4 million, gains across all divisions (2015/16: EUR 214.0 million; 2014/15: EUR 227.6 million). The proportions remained largely unchanged. Road and railway construction absorbed more than half (58%) of the overall construction output. Civil engineering with 30% and building construction with 12% completed our activities in Germany.

Hungary

The growth of the Hungarian economy has slowed down in comparison to the previous years (2016: 2%, 2015: 3.1%, 2014: 4%). This can be explained by declining EU subsidies and falling investment activity. The export-oriented engineering industry also suffered notable financial losses.

In the construction industry, the expiry of the 2007-2013 EU funding cycle has clearly left its mark. Die Construction output shrank in 2016 by 20.1%, with civil engineering showing drastic cuts at -40.5% and constituting only 31% of the total construction volume of EUR 7.5 billion. Although new residential construction developed positively at 11.9%, this could not compensate for a decline in other construction (-12.7%), with the result that overall construction also displayed a negative result at -5.3% and a volume of EUR 5.1 billion.

SWIETELSKY was unable to escape this declining trend and showed a performance decrease of 40.8% compared with the 2015/16 financial year. The decline affected all divisions, although to varying extents. Of the total construction output of EUR 194.4 million, road and railway construction accounted for around 70%, building construction for 28% and civil engineering for only 2%.

Czech Republic

The Czech economy also managed to grow further by 2.4% in 2016, following an exceptionally successful year in 2015 (4.5%) and therefore a higher comparison level. Particular contributing factors for growth were private household consumption and overseas demand, which was reflected in the positive growth of nearly all branches of the economy. The backbone of the industry remained, without competition, the strongly export-oriented automotive and automotive part industry, with a share of around 20% of industrial value.

In 2016, the construction industry, which had finally shown an upturn in 2015 with an increase of 7.1%, was already in decline again. In 2016 construction output declined by 5.8% to EUR 16.4 billion, which meant that civil engineering, largely financed by public and EU sources, recorded sharp cutbacks of -16.1%. Building construction, with a share of a good 70% of total construction output, remained unchanged with decrease of 0.9%, as the developments in residential construction (3.5%) and other construction (-2.8%) almost evened out.

This development has taken its toll on SWIETELSKY in the Czech Republic. With a total construction output of EUR 187.3 million, construction volume decreased by almost 11%. The performance percentages of building construction (33.1%) and road construction (59.8%) grew, to the detriment of civil engineering (7.1%).

Other countries

SWIETELSKY is also active outside the abovementioned core markets, via project-related production sites or subsidiaries. This applies primarily to the CEE region, in addition to subsidiaries in Great Britain, the Netherlands and Norway.

In Romania, Croatia, Norway, Poland, Great Britain, Slovakia, Italy, the Netherlands and Australia, the SWIETELSKY Group generated EUR 116.6 million, around 5.8% of total construction output.

II. Company development

Revenue and construction output

Revenue has increased by 4.5% to EUR 1,009.0 million with a performance increase of 3%, as some larger construction projects were accounted for during the financial year. Unfinished structures have decreased slightly, resulting in a negative inventory change, significantly reduced from the previous (2016/17: EUR -1.6 million, 2015/16: EUR 45.2 million).

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. Since the rapid increase in output in the financial year 2014/15, due to the takeover of operational units from a former competitor and to the stabilisation of the level in the previous year, performance increases in the last financial year initiated an upward trend.

The distribution of construction output by division is as follows:

CONSTRUCTION OUTPUT BY DIVISION

FIGURES IN THOUSAND EUR	2016/17	%	2015/16	%	2014/15	%
Road construction	170,373	18	153,813	17	166,959	18
Railway construction	114,999	12	144,215	16	141,440	16
Building construction	498,596	54	464,739	51	449,178	49
Civil engineering	145,012	16	141,826	16	150,814	17
Total	928,980	100	904,593	100	908,391	100

Order volume

The order volume at year-end is significantly over that of the previous year's level at EUR 791.5 million (2015/16: EUR 720.0 million). There were particular increases in the areas of residential and housing development construction and in the area of other building construction. Theoretically around 85% of our annual construction output is already commissioned, although there are clear differences by division.

Profits

Operating results are again positive, at EUR 5.4 million. The reduction by EUR 6.0 million compared to the previous year is mainly due to the first-time application of an actuarial calculation method of provisions for severance payments and to the extraordinary depreciation of an operational site.

The burden on the financial result due to valuation adjustments of foreign subsidiaries and loss assumptions from domestic subsidiaries is below the previous year's level. The considerable improvement of interest results is due in particular to the bond redemption in the previous year amounting to EUR 30.4 million. Despite reduced dividends from the subsidiaries and holdings, the financial result improved by EUR 9.3 million to EUR 23.6 million, giving earnings before tax of EUR 29.0 million. The initial recognition of deferred tax assets and the positive tax allocation resulted in a tax revenue of EUR 9.9 million (2015/16: EUR 4.2 million), giving earnings after tax of EUR 38.9 million.

Financial position and cash flows

FIGURES IN THOUSAND EUR	31/03/2017	%	31/03/2016	%	31/03/2015	%
Non-current assets	177,195	28	162,814	27	151,992	26
Current assets	456,662	72	431,219	73	423,897	74
Equity	149,401	24	145,487	24	128,729	22
Provisions	58,286	9	56,256	10	50,266	9
Liabilities	426,170	67	392,290	66	396,894	69
Equity and Liabilities	633,857	100	594,033	100	575,889	100
Net debt						
Financial liabilities	199,646		199,648		230,621	
Provisions for severance payments	18,080		14,444		13,980	
Pension provisions	65		69		89	
Cash and cash equivalents	-133,596		-108,421		-96,348	
Net debt	84,195		105,740		148,342	
Gearing	0.6		0.7		1.2	

Net debt = interest-bearing debt capital without group-cash-pooling + non-current provisions – cash and cash equivalents

Gearing = net debt / own funds

Fixed assets rose by 8.8% to EUR 177.2 million. In railway construction in particular, investments exceeded the level of the previous year. Investments in fixed assets – new and replacement investments – of EUR 39.6 million (2015/16: EUR 25.6 million) were set against depreciation

of EUR 21.7 million. Within financial assets, additions and appreciations significantly exceeded depreciation-related impairments. However, sales of securities resulted in a reduction of the book value of fixed assets.

In current assets, uncompleted construction output fell by about EUR 5.1 million, since the level of (active) advance payments had recently increased in comparison to the previous year, at approximately 92%. Subsidies are approaching the level of the previous year, with disparate growth within individual items. Cash and cash equivalents at end of year again rose significantly, to EUR 133.6 million.

The balance was extended by EUR 39.8 million to EUR 633.9 million. Positive internal financing ensured a rise in equity capital to EUR 149.4 million. Loan capital rose to EUR 484.5 million. The increase is composed

of one third each of payments received for unfinished buildings, liabilities towards suppliers and liabilities towards employees. The advance payments received from unfinished buildings rose by EUR 9.5 million to EUR 45.1 million. The resulting extended balance sheet total produces a slight decline in the equity ratio to 23.6%.

Cash flow from the result amounted to EUR 53.3 million in the previous financial year and in relation to construction activity reached the value of approximately 5.7% (2015/16: 5.6%).

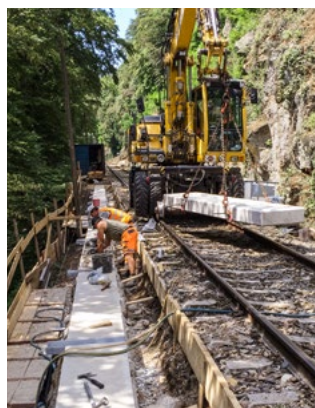
Key figures and financial performance indicators

FIGURES IN THOUSAND EUR	2016/17	2015/16	2014/15
Construction output	928,980	904,593	908,391
Revenue	1,008,998	965,369	754,097
Order level	791,504	719,993	632,271
Staff (yearly average)	3,898	3,826	3,710
Construction output/Staff	238	236	245
Operating result	5,433	11,394	14,370
Financial result	23,565	14,285	8,827
Earnings before tax	28,997	25,679	23,198
Earnings after tax	38,914	29,912	20,145
Operating cash flow	53,335	50,631	42,056
Cash flow/Construction output	5.7%	5.6%	4.6%
Return on sales (ROS)	3.7%	3.9%	4.6%
Return on equity (ROE)	19.6%	18.6%	19.0%
Return on investment (ROI)	6.1%	6.5%	6.0%
Total assets	633,857	594,033	575,889
Equity	149,401	146,776	128,729
Equity ratio	23.6%	24.7%	22.4%

ROS = (EBT-interest)/Revenue

ROE = EBT/Ø Equity

ROI = (EBT-interest)/Ø Total capital



III. Risk management

The company is integrated into the SWIETELSKY risk management system. In the course of its business activities, SWIETELSKY is exposed to many risks.

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 industry 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.

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, a written code of conduct has been produced and rolled out, 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.

In recent weeks, the importance of these efforts has been made clear. 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.

Supplier risk

SWIETELSKY strives to cooperate on a long-term basis with its partners. The processes and responsibilities for the selection and assessment of suppliers and contractors are set out in a mandatory procedural instruction, as are the compliant, contractual, environmentally compatible and on-schedule procurement of materials and services.

Procurement risk

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 incre-

ases 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.

In the previous financial year the previous guidelines for optimisation of treasury risks (payment transactions, foreign currencies, interest rates, investments) for the group as a whole was reworked and documented in writing. As a result, the risks were newly quantified and more strictly defined and responsibilities across the group were redefined.

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 risks

The increasing digitalisation and networking of business processes provides increased scope for attacks by cyber-criminals. The risks here relate to unauthorised access to sensitive company data as well as reduced availability of systems as a consequence of disruption and disasters. In order to tackle the increasing threat scenarios in information security and to ensure the permanent availability of our IT systems, a multi-level technical and organisational package of measures has been implemented. This package of measures underpins an ongoing continuous process of improvement, supported by external audits.

The definition of guidelines for the use of information technology also serves to raise awareness of risk among staff in their use of information and communications technology and makes an important contribution to minimising IT security risks.

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 creditors and lending banks.

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.

Controlling 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 continuously 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 3,898 staff in the previous financial year (2015/16: 3,826). Of these, 2,702 were employed as skilled workers and 1,196 as manual workers (2015/16: 2,664 skilled workers and 1,162 manual workers). After a steep increase in the past, growth has markedly levelled out.

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 160 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.



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 und 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.

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.

In accordance with ISO 14001 regulations and the implementation documentation in the environmental management system, direct and indirect impacts on the environment at building sites and fixed premises are determined and evaluated. Furthermore, appropriate provisions for prevention and hazard response are met through a risk evaluation and emergency planning procedure.

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. For example, appropriate construction measures applied to a single asphalt mixer can result in a permanent energy saving of more than 1300 MWh. Relevant energy usage is continually measured and evaluated.

In the case of the vehicle fleet, annual CO₂ monitoring takes place for essential vehicle types.

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 building operations and site management 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. In particular in tunnel construction, alpine construction and railway construction, new technologies are developed or innovative methods used, regularly developed further and improved.

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

Prospects for world economic growth are positive. For 2017 the IMF revised its prospects slightly to 3.5%. The OECD and the European Commission anticipate with 3.3% and 3.4% respectively. For 2018 these three international institutions forecast world economic growth of 3.6%, based on a strong contribution to growth from industrialised countries (Austrian National Bank report on the economic situation, May 2017). For the Euroconstruct countries, steady growth of 1.8% for 2017, 1.7% for 2018 and 1.6% in 2019 is predicted. The growth rates of the EC-4 countries will be around twice as high as those of the EC-15 countries. The labour market situation, based on 9.5%, showing the lowest level for eight years, should continue to improve.

Projections for the growth of the construction industry in the Euroconstruct countries have been corrected upwards compared with the previous conference, at 2.9% for 2017 and 2.5% in 2018 (24/25 November, Barcelona: 2.1% for 2017 and 2.2% for 2018). For 2019 further, albeit more moderate, growth is expected at 2.0%. The growth rates of the EC-4 countries, at 5.3% for 2017 and 7.0% for 2018, are expected to be considerably above those of the EC-15 countries (2017: 2.8%, 2018: 2.2%). In all three divisions – residential construction, other building construction and civil engineering – positive growth is expected for the years 2017-2019, although projections vary. Civil engineering, sustained by the eastern European member states, is expected to gain momentum, with 2.0% in 2017 and 3.6% for both 2018 and 2019. Building construction, however, shows a decline in growth at 3.1% in 2017, 2.2% in 2018 and 1.5% in 2019.

In the spring, the two economic research institutes WIFO (the Austrian Institute for Economic Research) and the Austrian Institute for Advanced Studies (IHS) revised their economic projections for Austria considerably upwards. WIFO's growth estimate for the years 2017 und 2018 now stands at 2.0% and 1.8%, and that of the IHS at 1.7% and 1.5%. Compared with the last release in December, the projections from WIFO and IHS for 2017 have been revised upwards by 0.5 and 0.3 percentage points respectively. WIFO also revised its growth estimate for 2018 upwards by 0.4 percentage points, while IHS left its projection for 2018 unchanged. In 2019 growth of 1.7%, above the average of recent years, is also expected.

This optimistic estimate is predicated on the absence of a negative 'Trump effect' in the USA, a better than expected economic trend in the United Kingdom and in Eastern Europe, as well as very good leading indicators for the eurozone and Austria. Global growth will accelerate slightly beyond forecasting horizon and will be more strongly sustained by growth in the industrialised countries than in the previous upturn phases. Growth in Austria will also be supported by strong domestic demand in the current year, but contribution to growth will weaken with the drop in various extraordinary effects (tax reform, refugee disbursements, the temporary boom in vehicle investments). Improved export momentum will certainly lead to an acceleration of economic growth in the current year (Austrian National Bank current economic situation, May 2017).

This positive economic development is likely to be subdued where construction industry growth is concerned. For 2017 an increase of 1.6% and for 2018 of 1.4% is predicted. In 2019 growth is expected to slow somewhat (1.1%). Other building construction is expected to show the strongest growth with 2.1% in 2017 and 1.6% in 2018. Residential construction, at 1.6% (2017) and 1.5% (2018) is still ahead of civil engineering, at 0.8% for 2017 and 1.0% for 2018. In 2019 the growth rates of these divisions are expected to align further.

SWIETELSKY estimates a moderate inflation-based performance increase in Austria, with a further continuous rate of return.

According to Euroconstruct, the German economy will grow by 1.5% in both 2017 and 2018. Current projections from the OECD estimate growth of 1.7% (2017) and 2.0% (2018). The expansive monetary policy of the European Central Bank continues to contribute significantly to the upturn. Positive development in the labour market results in rising incomes, even though rising consumer prices have somewhat weakened the increase in real incomes. Additionally, a moderate rise in export demand for the years 2017 and 2018 is expected to make a further positive impact.

The construction industry will also continue to grow, though new residential construction, after considerable rises in the past, will grow strongly only in 2017 (8.0%). Other building construction, following a rise in 2017



(1.4%) will show a slight decline in 2018 (-0.2%) and 2019 (-0.9%). Civil engineering will continue to grow in 2017 (2.0%), but will lose momentum in 2018 (0.4%) and eventually show slight negative growth (2019: -0.5%).

SWIETELSKY estimates a performance increase in Germany in the coming year as well, with a constant rate of return.

The Hungarian economy is likely to continue to grow. For 2017 growth of 3.6% and for 2018 growth of 3.7% is estimated. This is due to the newly increasing EU subsidies for industry and stable high private consumption, which will increase even further through significantly rising wages. Exports will continue to be the engine of growth, since there is a dependency on Germany on the demand side as well as on domestic investments through its automotive industry.

The construction industry should again be able to have above-average participation in this growth. New residential construction will more than double in growth (2017: 50%, 2018: 30%, 2019: 20%); however, maintenance and renovation are also expected to be able to show a considerable rise (2017: 10.6%, 2018: 12.1% and 2019: 7.0%). Civil engineering, which is more significant in Hun-

gary than in most of the other Euroconstruct countries, with 31% of total construction output (2016), is expected to be able to profit from EU subsidies. Growth rates are expected to compensate for the decline in 2016 (2017: 27.6%, 2018: 15.0% and 2019: 10.0%).

SWIETELSKY expects to expand its construction output in Hungary, following the planned performance decrease of the past, whereby profit contributions are expected to decrease slightly.

The Czech economy is expected to continue its above-average growth of 2016 into the following years. According to Euroconstruct report, an increase in economic output of 2.5% for 2017 and 2018 and an increase of 2.4% in 2019 is estimated. Also of note is the low unemployment rate, which is expected to reduce further to 3.1% until 2019. This gives the Czech Republic the lowest unemployment rate in the EU and has already resulted in above-average increases of wages and salaries.

The construction industry is expected to profit from the increased demand for EU subsidies and to be able to halt the decline in economic output (2017: 0.0%).

The funds of around EUR 370.0 million requested in 2016 are expected to increase to EUR 1.8 billion in 2017 and to be invested in significant infrastructure projects. The impacts should be visible in civil engineering at the earliest in 2018 (6.4%) and 2019 (12.1%) (2017: -1.9%). Building construction will again be supported by residential construction and after moderate growth in 2017 (0.8%) will be able to increase considerably (2018: 4.3%, 2019: 6.8%).

In the coming financial year, SWIETELSKY estimates a performance increase on a par with the previous year in the Czech Republic, with a continued stable rate of return.

With regard to the other countries, SWIETELSKY continues to follow the strategy of acquiring projects in promising markets, according to the relevant division.

Building on a satisfactory order situation, SWIETELSKY estimates for the current financial year 2017/18 a moderate increase in output and results figures oriented towards the upper end of the sector environment. SWIETELSKY continues to focus on the commitment and innovative capability of its successful staff as well as on its proven mix of markets and divisions.

Linz, 14 July 2017

The Management



PETER GAL



DIPL.-ING. WALTER PERTL



ADOLF SCHEUCHENPFLUG



DIPL.-ING. KARL WEIDLINGER



AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of **Swietelsky Baugesellschaft m.b.H., Linz, Austria**, that comprise the balance sheet as of 31 March 2017, 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 2017, 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 (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the Company within the meaning of Austrian commercial law and professional regulations, and 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.

Management's Responsibility and Responsibility of the Audit Committee for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting 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, and, where appropriate, to disclose matters that are relevant to the Company's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Company or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for the oversight of the financial reporting process of the Company.

Auditors' Responsibility

Our aim is to obtain reasonable assurance about whether the financial statements taken as a whole, are free of material – intentional or unintentional – misstatements and to issue an audit report containing our audit opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if they could, individually or as a whole, be expected to influence the economic decisions of users based on the financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements – intentional or unintentional – in the financial statements, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.
- We consider 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 as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We assess the overall presentation, structure and content of the financial statements including the notes as well as whether the financial statements give a true and fair view of the underlying business transactions and events.
- We communicate to the audit committee the scope and timing of our audit as well as significant findings including significant deficiencies in internal control that we identify in the course of our audit.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with the Austrian Commercial Code the management report is to be audited as to whether it is consistent with the financial statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the Company are responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

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 has been prepared in accordance with legal requirements and is consistent with the financial statements.

Statement

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

Linz, 14 July 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

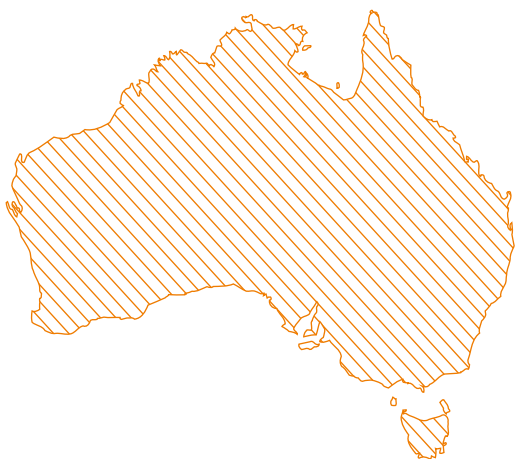


Dr. Helge Löffler
Austrian Chartered Accountant



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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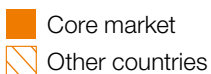
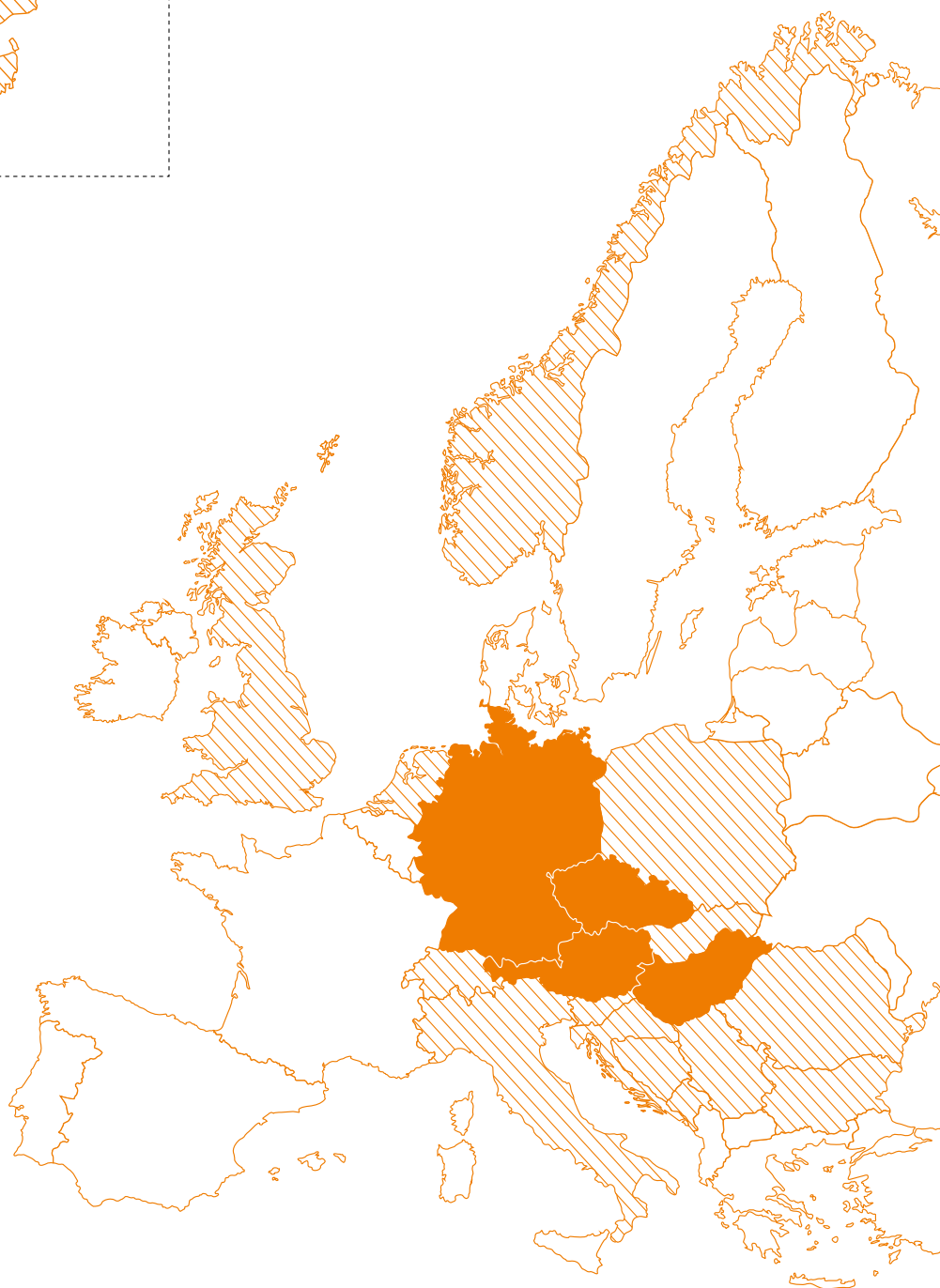
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