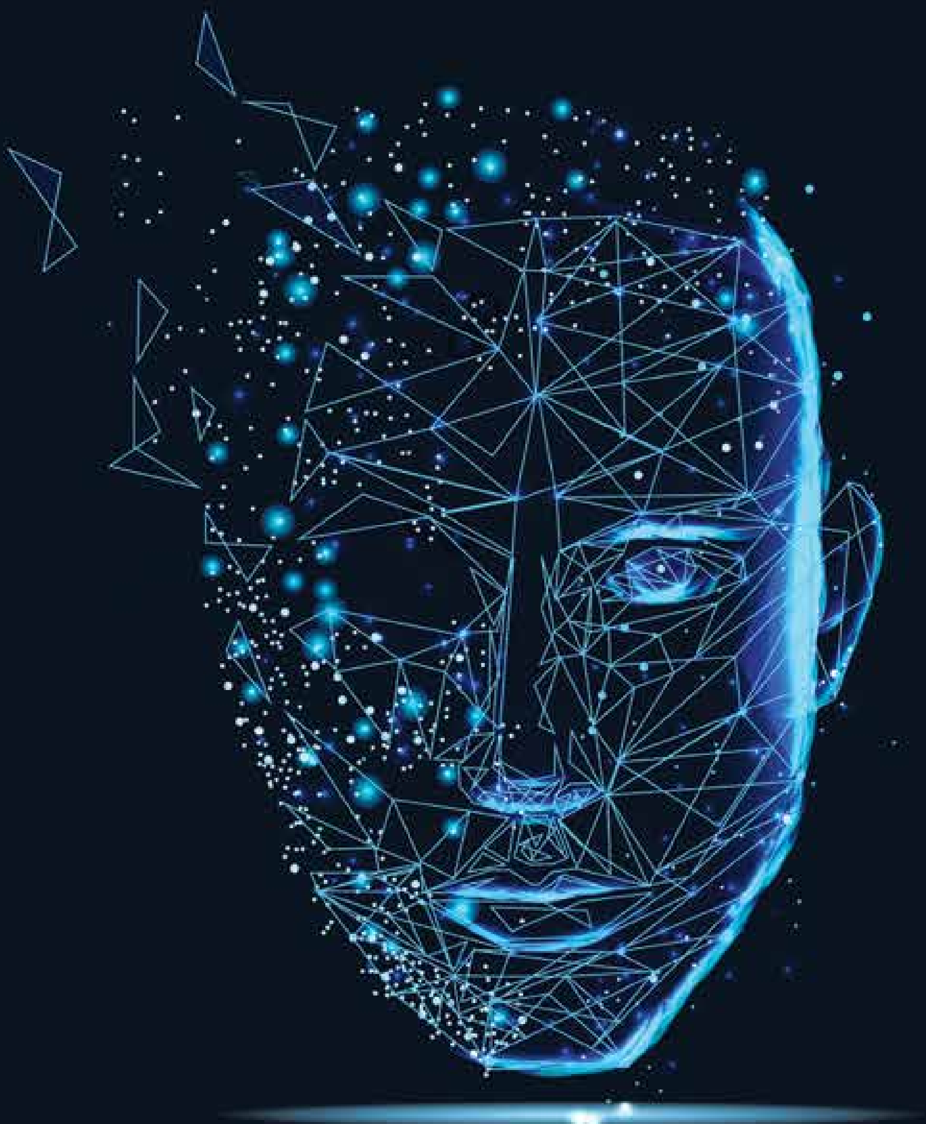
ENDURANCE TECHNOLOGIES LIMITED
SUBSIDIARY COMPANIES

ENDURANCE
Complete Solutions

Reaping the benefits of TechKnowlogy



ANNUAL REPORT OF SUBSIDIARY COMPANIES - 2018-19

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For more details, please visit:
www.endurancegroup.com

Forward-Looking Statement

The Annual Report may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

Endurance Amann GmbH

Massenbachhausen, Germany

Management Report and Financial Statements
for the year ended 31st March, 2019

Note: kEUR means EURO in thousands.

Management Report
for the Financial Year 2018/2019

General Business Conditions and Environment

Endurance Amann GmbH, Massenbachhausen/Germany, produces, machines and delivers aluminium pressure die casting parts. Also, it develops and manufactures related moulds. Its main clientele includes the automotive industry itself and automotive component suppliers. The primary sales market is Germany. The products are manufactured on own and leased plant-site land at the Massenbachhausen/ Germany site.

In the calendar year 2018, the German economy recorded a growth of the gross domestic product of 1.5% (prior year: 2.2%) and the automotive market recorded a change of -1.0%.

Business Trend and Financial Performance

In the financial year 2018/2019, the revenue of the Company was at kEUR 55,601, which is a 9.2% increase from the prior year. The increase is due to the expansion with existing customers. The Company continues to focus on improving quality and cost control and on effective management of inventory levels of raw materials and finished goods.

Other operating income mainly results from the release of provisions.

In relation to revenue, cost of raw materials, consumables and supplies recorded a slightly disproportionate rise on account of the increased purchase of moulds.

Employee benefit expense slightly rose on account of the increase in the average number of employees, severance pays and the general pay rise.

Amortisation, depreciation and write-downs again increased by 18% due to the high capital investment volume in the course of the prior and the current financial year.

The increase in other operating expenses is due to higher maintenance expenses in connection with the acquisition of the production building that had previously been rented.

Financial performance – measured based on the operating result (EBIT) – amounts to kEUR 5,526 compared to EBIT of kEUR 5,605 in the prior year. Having taken into account interest received and paid and income taxes, the profit for the financial year 2018/2019 totals kEUR 3,950 compared to a profit for the prior year of kEUR 4,115.

The EBIT return on revenue slightly declined to 10.4% compared to a return on revenue of 11.0% in the prior year.

Assets, Liabilities and Financial Position

Due to capital investments, the balance sheet total increased to kEUR 58,784 (prior year: kEUR 54,020); the balance sheet structure remained constant. Therefore, the property, plant and equipment to total assets ratio rose to 44.0% (prior year: 32.0%). The Company's cash position in the financial year 2018/2019 was satisfactory. Despite the capital investments made in the reporting year, this was enabled by the positive business trend and better business capital management. Inventories have been built up for scheduled renovation measures. The increase in trade receivables results from the sale of tools at year-end. The decrease in other assets relates to the use of the sales-&-leaseback option and the resulting reversal of the tenant loan (kEUR 2,768).

The decline in cash and cash equivalents by kEUR 4,808 to kEUR 844 is based on the increase in fixed assets.

Loans payable totalling kEUR 746 were repaid as scheduled. To finance capital investments, a loan of kEUR 957 was taken up. The Company was able to fully meet its payment obligations.

Equity increased for earnings-related reasons. Prior-year net retained profits were fully allocated to retained earnings. The equity ratio increased from 60.5% to 62.4%.

The advance tax payments made exceeded the expected tax burden.

Capital Investments and Financing

In the reporting year, the Company invested kEUR 12,820 in property, plant and equipment. These capital investments mainly related to real estate and plants in mechanical production.

The leasing expenses for machinery and motor vehicles incurred in the financial year 2018/2019 amounted to kEUR 88 (prior year: kEUR 90). The Company is financed through own funds and through long-term and short-term bank loans.

Number of Employees

In the reporting year, the permanent workforce included an average of 247 employees. The number of apprentices was at 10 on the annual average.

In 2019/20, new staff is intended to be recruited in the EPP, quality assurance and machining functions. The Company seeks to continuously raise productivity through internal and external staff training.

Risk Report

Appropriate controlling and reporting instruments are used to timely identify, and take appropriate action to address, potential risks from the market environment characterised by increasing competition and technical change. The other risks in the finance and technical areas are addressed, among other things, by taking measures, such as:

- Permanent control of production processes
- Expansion of the production planning and production control system (PPS system)
- Product liability insurance
- Business interruption insurance

A major part of the Company's revenue is realised with a limited number of customers, which involves the risk that one of these partners will considerably reduce its sales volume or intensify the pricing pressure. To minimise this risk, the Company is continuing its efforts to broaden its customer and product base.

In order to improve its financial development, the Company continues to review systems and processes for further rationalisation potentials to be tapped. We address the persisting pricing and cost pressures through further productivity gains.

Liquidity is controlled within the framework of short-term and medium-term budgetary planning. Apart from unforeseeable circumstances, the Company anticipates that, based on the budgetary planning for 2019/2020, it will be able to finance budgeted capital investments of kEUR 6,400 through cash flows from operating activities.

Our Company is affected by normal price risks, especially in the area of aluminium procurement. There are no currency hedges or long-term supply contracts.

The Company seeks to mitigate default risks through corresponding receivables management, which consists in checking new customers, determining delivery limits by means of the collection agency Creditreform, regularly examining receivables from our customers outstanding, a strict dunning system, customer visits or similar.

Management did not identify risks that individually or taken as a whole endanger the Company's existence as a going concern or that could impair the development of the assets, liabilities, financial position and financial performance.

Outlook

In the calendar year 2019, the German gross domestic product is anticipated to grow by 0.5% (price adjusted), with the automotive market being expected to grow between 0% and 1%.

Our customers' initially forecasted annual volumes for backlog orders were only partially reached and currently are 15% below the forecasted annual volume. Therefore, we expect the initially forecasted values for backlog orders to be missed by 10 to 15%-points. Due to the launch of new projects, however, revenue will be comparable to the revenue generated in the financial year 2018/2019.

The product portfolio was continuously updated and expanded. In line with an improvement of production processes and introduction of appropriate measures, this should lead to an earnings stabilisation.

The cooperation with the Indian and above all the Italian Endurance Group plants is to be further expanded, which we expect to result in additional synergy and standardisation effects.

The Company's capital investments budgeted for 2019/2020 primarily relate to the realisation of new product lines in respect of new customer projects.

With a decrease in revenue from backlog orders, which, on account of new orders, is anticipated to range at an overall similar level as in the financial year 2018/2019, and constant cost of materials, a result comparable to 2018/2019 is expected for the upcoming financial year.

Balance Sheet

as at 31st March, 2019

	EUR	31 Mar. 2019 EUR	31 Mar. 2018 kEUR
ASSETS			
A. Fixed assets			
I. Intangible assets			
1. Software and licences acquired for a consideration	117,810.00		64
2. Goodwill	0.00		0
		117,810.00	**64**
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	11,256,025.40		4.907
2. Technical equipment and machinery	9,010,003.00		9.742
3. Other equipment, operating and office equipment	1,224,088.00		962
4. Prepayments and assets under construction	4,364,263.95		1.668
		25,854,380.35	**17.279**
III. Investments and other financial assets			
Shares in affiliated companies		**4,616,000.00**	**4.616**
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	3,512,441.78		2.620
2. Work in progress	3,224,321.65		1.813
3. Finished goods	524,967.86		367
4. Prepayments	4,311,373.00		6.337
		11,573,104.29	**11.137**
II. Receivables and other assets			
1. Trade receivables	7,158,648.14		5.386
2. Receivables from affiliated companies	7,531,313.45		6.517
- Of which cash pool account: EUR 4,504,535.89 (prior year: kEUR 3,506)			
- Of which loan granted to Endurance Overseas: EUR 3,000,000,00 (prior year: kEUR 3,000)			
3. Other assets	841,156.38		3.146
		15,531,117.97	**15.049**
III. Cash-in-hand and bank balances		**884,498.92**	**5.692**
C. Prepaid expenses		206,962.87	183
		58,783,874.40	**54.020**
EQUITY AND LIABILITIES			
A. Equity			
I. Issued capital			
1. Share capital	3,250,000.00		
2. Treasury shares acquired	200,000.00		
		3,050,000.00	**3.050**
II. Capital reserves		**13,456,642.31**	**13.457**
III. Retained earnings			
Other retained earnings		**16,197,759.66**	**12.083**
IV. Profit for the year		**3,949,933.70**	**4.115**
		36,654,335.67	**32.705**
B. Provisions			
1. Provisions for taxes	0.00		108
2. Other provisions	11,148,869.39		11.331
		11,148,869.39	**11.439**
C. Liabilities			
1. Liabilities to banks	4,314,139.00		4.104
2. Trade payables	4,800,614.61		3.936
3. Liabilities to affiliated companies	700,283.39		664
4. Other liabilities	1,165,632.34		1.172
- Of which taxes: EUR 402,332.659 (prior year: kEUR 375)			
- Of which relating to social security and similar obligations: EUR 18,496.51 (prior year: kEUR 12)			
		10,980,669.34	**9.876**
		58,783,874.40	**54.020**

Statement of Profit and Loss

for the period from 1st April, 2018 to 31st March, 2019

		2018/2019 EUR	2018/2019 EUR	2017/2018 kEUR
1.	Revenue	55,601,233.20		50,906
2.	Increase or decrease (-) in finished goods inventories and work in progress	1,568,852.30		-446
3.	Other operating income	107,036.61		54
			57,277,122.11	**50,514**
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies	25,307,285.11		21,165
	b) Cost of purchased services	4,268,661.27		4,082
			29,575,946.38	**25,247**
5.	Employee benefit expense			
	a) Wages and salaries	9,836,299.74		9,146
	b) Social security, post-employment and other employee benefit costs	1,792,791.11		1,593
	- Of which post-employment costs: EUR 18,533.98 (prior year: kEUR 20)			
			11,629,090.85	**10,739**
6.	Amortisation and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment		4,270,421.79	3,618
7.	Other operating expenses		6,242,984.52	5,283
8.	Other interest and similar income - Of which from affiliated companies: EUR 20,449.07 (prior year: kEUR 18)		20,465.07	18
9.	Interest and similar expenses		53,810.37	105
			-51,751,788.84	-44,974
10.	Taxes on income		1,543,070.65	1,403
11.	Earnings after taxes		3,982,262.62	4,137
12.	Other taxes		32,328.92	22
13.	Profit for the year		**3,949,933.70**	**4,115**

Movements in Fixed Assets

Figures in EUR

	Acquisition-cost	Addition	Reclassifi-cations	Disposal	Acquisition-cost	Accumulated amortisation / depreciation / write-downs	Additions	Disposal	Accumulated amortisation / depreciation / write-downs	Book value	Book value
	31st March, 2018				31st March, ,2019	31st March, 2018			31st March, 2019	31st March, 2019	31st March, 2018
I. Intangible assets											
1. Software and licences acquired for a consideration	160,866.49	79,271.52	0.00	0.00	240,138.01	97,165.49	25,162.52	0.00	122,328.01	117,810.00	63,701.00
2. Customer list and similar rights	8,709,322.00	0.00	0.00	0.00	8,709,322.00	8,709,322.00	0.00	0.00	8,709,322.00	0.00	0.00
3. Goodwill	6,871,591.00	0.00	0.00	0.00	6,871,591.00	6,871,591.00	0.00	0.00	6,871,591.00	0.00	0.00
	15,741,779.49	**79,271.52**	**0.00**	**0.00**	**15,821,051.01**	**15,678,078.49**	**25,162.52**	**0.00**	**15,703,241.01**	**117,810.00**	**63,701.00**
II. Property, plant and equipment											
1. Land and buildings including buildings on third-party land	5,486,892.61	6,648,500.50	0.00	0.00	12,135,393.11	579,448.51	299,919.20	0.00	879,367.71	11,256,025.40	4,907,444.10
2. Technical equipment and machinery	22,100,082.58	1,688,611.42	1,230,022.63	-946,300.36	24,072,416.27	12,358,090.58	3,651,453.76	-947,131.07	15,062,413.27	9,010,003.00	9,741,992.00
3. Other equipment, operating and office equipment	3,770,510.72	556,490.31	0.00	-238,639.55	4,088,361.48	2,808,969.72	293,886.31	-238,582.55	2,864,273.48	1,224,088.00	961,541.00
4. Prepayments and assets under construction	1,667,687.43	3,926,599.15	-1,230,022.63	0.00	4,364,263.95	0.00	0.00	0.00	0.00	4,364,263.95	1,667,687.43
	33,025,173.34	**12,820,201.38**	**0.00**	**-1,184,939.91**	**44,660,434.81**	**15,746,508.81**	**4,245,259.27**	**-1,185,713.62**	**18,806,054.46**	**25,854,380.35**	**17,278,664.53**
III. Investments and other financial assets											
Shares in affiliated companies	4,616,000.00	0.00	0.00	0.00	4,616,000.00	0.00	0.00	0.00	0.00	4,616,000.00	4,616,000.00
	4,616,000.00	**0.00**	**0.00**	**0.00**	**4,616,000.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4,616,000.00**	**4,616,000.00**
	53,382,952.83	**12,899,472.90**	**0.00**	**-1,184,939.91**	**65,097,485.82**	**31,424,587.30**	**4,270,421.79**	**-1,185,713.62**	**34,509,295.47**	**30,588,190.35**	**21,958,365.53**

Notes to the Financial Statements for the Financial Year 2018-19

GENERAL INFORMATION

The annual financial statements on hand have been prepared according to Sections 242 et seq. and Sections 264 et seq. German Commercial Code (HGB) as well as the relevant regulations of the German Limited Liability Companies Act (GmbHG). The regulations for large firms organised in a corporate form apply.

The nature of expense format has been applied to the statement of profit and loss.

To enhance the clarity of the presentation, the disclosures on the allocation to several balance sheet items and a part of the separate line items for subtotals were included in the notes to the financial statements.

ACCOUNTING AND VALUATION PRINCIPLES

The following accounting and valuation principles were again applied to the annual financial statements.

Intangible assets acquired for a consideration have been accounted for at acquisition cost, with amortisable assets being amortised on a straight-line basis over the useful life.

Property, plant and equipment have been recognised at acquisition cost, with depreciable assets being depreciated. Elements of property, plant and equipment are depreciated on a straight-line basis over the estimated economic life. Assets with an individual net value of up to EUR 800.00 are fully depreciated in the year of acquisition. Additions to property, plant and equipment are depreciated on a pro rata basis.

Shares in affiliated companies are recognised at acquisition cost.

Inventories are recognised at the lower of acquisition or production cost and current value.

Inventories of **raw materials, consumables and supplies** have been capitalised at the lower of average cost price or current value as at the reporting date.

In measuring **work in progress** and **finished goods**, appropriate portions of production overhead and indirect material as well as depreciation are, in addition to direct material, direct labour and special direct cost, also taken into account.

For prepayments on moulds the respective stage of completion is taken into account. Moulds purchased from third parties have been accounted for at the lower of acquisition cost or market price.

Adequate provisions have been made for all potential losses, i.e. deductions for costs to sell have been made from anticipated sales prices.

Appropriate allowances have been made for all inventory risks identifiable as at the reporting date which result from above average days in inventories, reduced usability and lower replacement costs.

Apart from retention of title as is customary in the trade, the inventories are free from third-party rights.

Receivables and other assets have been recognised at nominal value. All risk items have been taken into account by making appropriate specific allowances; the general credit risk has been covered by making general allowances.

Cash and cash equivalents have been recognised at nominal value.

Prepaid expenses were recorded for cost before the balance sheet date that constitute expenses for a certain period of time after that date.

Treasury shares have been openly deducted from issued capital in accordance with Section 272 (1a) German Commercial Code (HGB).

Provisions for taxes and other provisions cover all contingent liabilities. They have been stated at the settlement value necessary according to sound business judgement (i.e. including future costs and price increases).

Liabilities have been recognised at settlement value.

Differences between the values recognised under German commercial law and tax law are recognised under provisions. This results in deferred tax assets. They are determined using the specific tax rates of the Company. The Company exercised the option as conferred under Section 274 German Commercial Code (HGB).

NOTES TO THE BALANCE SHEET

Fixed Assets

The movements in the individual fixed asset items are presented in the statement of movements in fixed assets, stating amortisation, depreciation and write-downs of the reporting year (appendix to the notes).

Receivables and Other Assets

Like in the prior year, all trade receivables and receivables from affiliated companies have a residual term of less than one year. Receivables from affiliated companies include trade receivables of kEUR 27.

EQUITY

The issued capital of the Company amounts to kEUR 3,250. The shareholder is Endurance Technologies Ltd., Aurangabad/India. It holds shares with a nominal value of kEUR 3,050. Shares with a nominal value of kEUR 200 are held by the Company itself.

Under Section 272 (1a) German Commercial Code (HGB), the nominal value of the treasury shares of kEUR 200 was deducted from issued capital.

OTHER PROVISIONS

The provisions mainly relate to variable salary components, warranty risks, credit notes to be issued, outstanding invoices and tool cost allowances.

LIABILITIES

The residual terms of liabilities are specified in the statement of changes in liabilities.

Liabilities

	31st March, 2019				31st March, 2018			
	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of more than 5 years	Total	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of more than 5 years	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Liabilities to banks	1,085.7	1,299.9	1,928.6	4,314.1	766.4	1,142.9	2,214.3	4,103.5
2. Trade payables	4,800.6	-	-	4,800.6	3,936.0	-	-	3,936.0
3. Liabilities to affiliated companies	700.3	-	-	700.3	663.8	-	-	663.8
4. Other liabilities	1,165.6	-	-	1,165.6	1,172.0	-	-	1,172.0
- of which taxes	402.3	-	-	402.3	375.0	-	-	375.0
- of which relating to social security and similar obligations	18.5	-	-	18.5	11.6	-	-	11.6

There are the following collaterals for liabilities to banks:

- The respective machines financed.
- A kEUR 4,000 land charge entered for plant 3.

Trade payables have been collateralised through suppliers' customary retention of title.

Other financial commitments as at 31st Mar. 2019:

	Total	Of which with a residual term of		
		up to 1 year	between 1 and 5 years	more than 5 years
	kEUR	kEUR	kEUR	kEUR
Leases for land*				
- Jahnstraße				-
- Benzstraße				-
Rental agreements and leases	175	75	100	-
	175	**75**	**100**	**-**

* according to the contractually agreed rental or lease term

The right to acquire the building in Jahnstraße after the end of the lease term in 2020 provided for in the sale-and-leaseback agreement was exercised as at 30th September, 2018. The building in Benzstraße was acquired in August, 2018.

Notes to Off-balance-sheet Transactions

Operating lease	Purpose	Lowering of cash outflow on account of reduction in capital investment volume
	Risks	Charge of rentals during the contract term of up to 8 years

	Advantages	Modernisation of machinery and office equipment without appropriating investment funds
Consignment stock agreements	Purpose	Optimum handling of sales transactions
	Risks	None
	Advantages	Increase in customer satisfaction
Outsourcing of operational functions (legal function)	Purpose	Optimised addressing of imminent litigation
	Risks	Timely availability of external legal advice ensured
	Advantages	Cost saving in comparison with maintenance of internal legal function

Notes to the Statement of Profit and Loss

Revenue	**2018/2019**	**2017/2018**
	kEUR	**kEUR**
Aluminium pressure die casting	42,964	43,637
Zinc pressure die casting	271	212
Moulds	11,771	6,419
Other	650	691
	55,657	**50,960**
Sales deductions	-56	-53
	55,601	**50,906**

Revenue is almost exclusively realised in Germany.

Other revenue of kEUR 650 (prior year: kEUR 691) mainly relates to income from scrap sales.

Other Disclosures
Number of Employees

The average headcount during the reporting year was:

	2018/2019	**2017/2018**
Industrial employees	182	177
Salaried employees	55	53
	237	**230**
Apprentices	10	7
	247	**237**

MANAGEMENT

In the reporting year, management functions were performed by:

- Mr. Rinze Dijkstra – from 3rd September, 2018
- Mr. Massimo Venuti (Endurance Overseas Srl., Managing Director) – from 16th April, 2018
- Mr. Francesco Boero – until 16th April, 2018

The Company did not disclose the remuneration of the managing directors in accordance with Section 286 (4) German Commercial Code (HGB).

Advisory Board

The members of the advisory board are:

- Mr. Anurang Jain – Managing Director Endurance Technologies Limited, Aurangabad/India
- Mr. Massimo Venuti – Managing Director Endurance Overseas Srl., Italy – until 16th April, 2018

The total emoluments paid to the advisory board for the financial year 2018/2019 amounted to kEUR 0.

Audit and Consulting Fees

The total fees charged by the auditors of the annual financial statements for the reporting year amount to:

	kEUR
Audit services	30
Other assurance services	28
Tax consultancy	21
Total	**79**

RELATED PARTY TRANSACTIONS

Apart from the usual trade relationships, there have been no further related party transactions.

Group Affiliation

The Company is included in the consolidated financial statements of Endurance Technologies Limited, Aurangabad/India. These consolidated financial statements are disclosed at the place of the parent company.

Subsequent Events

There were no major post-balance-sheet-date events which have been taken into account neither in the statement of profit and loss nor in the balance sheet.

Proposed Appropriation of Profits

Management proposes (in conformity with the advisory board) to carry forward onto new account the profit for the year of EUR 3,949,933.70.

Massenbachhausen/Germany, 24th April, 2019
– The General Management –

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

Endurance Amann GmbH, Massenbachhausen/ Germany

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Audit Opinions

We have audited the annual financial statements of Endurance Amann GmbH, Massenbachhausen/Germany, which comprise the balance sheet as at 31st March, 2019, and the statement of profit and loss for the financial year from 1st April, 2018 to 31st March, 2019, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1st April, 2018 to 31st March, 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31st March, 2019 and of its financial performance for the financial year from 1st April, 2018 to 31st March, 2019 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement 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 controls.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

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

- conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mannheim/Germany, 10th May, 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Steffen Schmidt	Signed: Michael Harst
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Endurance Overseas S.r.L.

LOMBARDORE (Turin), Italy

Report on Operations and Financial Statements (both standalone and consolidated) for the year ended 31st March, 2019

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)

Included in Turin Companies Register

Tax Code No.: 05754620960

Turin Chamber of Commerce No.: 1101893

Quota capital: € 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Management control and coordination: ENDURANCE TECHNOLOGIES LTD

Report on Operations

Financial statements for the year ended 31st March, 2019

Quotaholders,

The explanatory notes provide disclosures on the financial statements for the year ended 31st March, 2019; this document, in compliance with Art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

INFORMATION ON THE COMPANY

Matters concerning the economy in general and the results of operations:

In 2018, the global economy turned in positive overall growth, but this was the result of a dynamic first half, followed by a slowdown in the second half.

According to the preliminary estimates released by the World Bank, real Gross Domestic Product (GDP) grew by 3% with different situations in the various macro areas (USA +2.9%, Eurozone +1.9%, Japan +0.8 %, China +6.5%, India +7.3% and Brazil +1.2%).

In Italy, there was growth for the fifth year running, but with an annual increase of only +0.9% due to a sharp deceleration in the second half of the year, culminating with a fourth quarter in technical recession. The slowdown in growth is mainly attributable to weak private consumption and a lower contribution from net exports (-0.1%).

The automotive industry had a trend similar to the macroeconomic context. In the European Union new car registrations in the period corresponding to the financial year (from April, 2018 to March, 2019) grew in the first quarter (+5.1% and +1.6% respectively), while in the third and last quarter they showed a significant decline (-7.8% and -3.3% respectively). Overall registrations have reached a lower level than the previous year (-1%). Among the factors that contributed to the decline in the last quarter, an important one was the introduction of the new vehicle consumption test methodology (WLTP - Worldwide Harmonised Light Vehicles Test Procedures). It was first introduced on 1st September, 2017, but only for new models needing approval, whereas from September, 2018 it was extended to all newly registered cars. Several car manufacturers have suffered delivery delays due to the complexity of the new procedure, which takes into account all the optional contents that influence the aerodynamics, rolling resistance and mass of the vehicle, determining a CO2 value that more faithfully reflects the characteristics of the individual vehicle, but involves having to test various types of kit on the same model.

The WLTP procedure will gradually replace the NEDC procedure and both WLTP and NEDC consumption and CO_2 emissions data will be shown in the vehicle's documents until the end of 2020. From 2021, WLTP data will be the only CO_2 consumption/emissions data given for all cars. Second-hand vehicles will not be affected by this step and will retain their certified NEDC values.

The trend in registrations by individual car manufacturers shows the consolidation of VW's European leadership (-1.3%, with a market share of 23.9%, the same as the previous year) followed by Renault (+0.3 %, with a market share of 10.8% compared with 10.6% the previous year), PSA (excluding its acquisition of Opel at +3.4% and a market share of 10.6% from 10.2%), FCA (-4.1% and a market share of 6.5% from 6.7%), BMW (-1.1%, with an stable market share of 6.6%), Daimler (- 3.3% and a 6.1% market share from 6.3%), Opel (-4.6% and a 5.7% market share from 5.9%) and other manufacturers (-0.8% with a share of 29.9%).

Of the particular phenomena that can be deduced from the trend in European registrations, it is worth mentioning the continuous reduction in diesel vehicle registrations (-18.3% in the calendar year) and the increase in petrol vehicles (+12.8% in the calendar year) as well as alternative power vehicles (LPG/CNG, hybrid and electric cars), +30.4% in the calendar year, with a market share of 7.3% compared with 5.6% the previous year (of which pure electric vehicles have a 2% share).

In this market context, the Company and its subsidiaries achieved an overall improvement in operating results.

Key events

On 7th January, 2019, with note of the share certificate certified by Notary Chibbaro in Milan, the Company bought 100% of the shares of Endurance Castings S.p.A. (formerly Fondpresmetal GAP S.p.A).

The purpose of this transaction is to increase production capacity and to vertically integrate the Endurance Group's processes as a whole, which is needed to consolidate the Group's positioning in the automotive market. The company, based in Bione (Brescia), has 80 employees and deals mainly with the moulding of aluminium castings for the automotive and non-automotive sectors, serving customers that complement those in the Group's portfolio. Moreover, most of the production capacity is dedicated to supplying other Group companies.

The entire purchase price of Euro 8.18 million was paid in cash at the time of the acquisition.

Management policy and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities which might require an indication of the reasons and interests affecting them.

FINANCIAL POSITION

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	31st March, 2019	%	31st March, 2018	%	Change	% change
WORKING CAPITAL	**24,035,900**	**28.72%**	**27,057,549**	**34.82%**	**(3,021,649)**	**-11.17%**
Immediate liquidity	**21,010,773**	**25.10%**	**20,663,359**	**26.59%**	**347,414**	**1.68%**
Cash and cash equivalents	21,010,773	25.10%	20,663,359	26.59%	347,414	1.68%
Deferred liquidity	**3,025,127**	**3.61%**	**6,394,190**	**8.23%**	**(3,369,063)**	**-52.69%**
Current receivables included in working capital	2,926,784	3.50%	3,684,752	4.74%	(757,968)	-20.57%
Current portion of non-current receivables	-	0.00%	2,500,000	3.22%	(2,500,000)	-100.00%
Accrued income and prepaid expenses	98,343	0.12%	209,438	0.27%	(111,095)	-53.04%
FIXED ASSETS	**59,662,558**	**71.28%**	**50,642,951**	**65.18%**	**9,019,607**	**17.81%**
Intangible assets	939,619	1.12%	1,025,404	1.32%	(85,785)	-8.37%
Tangible fixed assets	14,436,258	17.25%	13,445,221	17.30%	991,037	7.37%
Financial fixed assets	44,236,558	52.85%	36,054,358	46.40%	8,182,200	22.69%
Non-current portion of receivables included in working capital	50,123	0.06%	117,968	0.15%	(67,845)	-57.51%
CAPITAL EMPLOYED	**83,698,458**	**100.00%**	**77,700,500**	**100.00%**	**5,997,958**	**7.72%**

Balance Sheet - Liabilities and Quotaholders' Equity

Item	31st March, 2019	%	31st March, 2018	%	Change	% change
CAPITAL ATTRIBUTABLE TO MINORITY INTEREST	**50,732,792**	**60.61 %**	**49,395,065**	**63.57 %**	**1,337,727**	**2.71 %**
Current liabilities	**36,752,326**	**43.91 %**	**30,418,455**	**39.15 %**	**6,333,871**	**20.82 %**
Current payables	36,725,250	43.88 %	30,387,958	39.11 %	6,337,292	20.85 %
Accrued expenses and deferred income	27,076	0.03 %	30,497	0.04 %	(3,421)	(11.22) %
Non-current liabilities	**13,980,466**	**16.70 %**	**18,976,610**	**24.42 %**	**(4,996,144)**	**(26.33) %**
Non-current payables	12,045,917	14.39 %	16,936,580	21.80 %	(4,890,663)	(28.88) %
Provisions for risks and charges	1,925,297	2.30 %	2,002,375	2.58 %	(77,078)	(3.85) %
Employee termination indemnity	9,252	0.01 %	37,655	0.05 %	(28,403)	(75.43) %
EQUITY	**32,965,666**	**39.39 %**	**28,305,435**	**36.43 %**	**4,660,231**	**16.46 %**
Quota capital	16,105,263	19.24 %	16,105,263	20.73 %		
Reserves	6,354,372	7.59 %	6,178,711	7.95 %	175,661	2.84 %
Retained earnings (accumulated losses)	5,845,800	6.98 %	2,508,240	3.23 %	3,337,560	133.06 %
Net income (loss) for the year	4,660,231	5.57 %	3,513,221	4.52 %	1,147,010	32.65 %
FINANCING SOURCES	**83,698,458**	**100.00 %**	**77,700,500**	**100.00 %**	**5,997,958**	**7.72 %**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
Fixed asset coverage	55.30 %	53.38 %	3.60 %
Amounts payable to banks to working capital	69.24 %	82.71 %	(16.29) %
Debt ratio	1.54	1.75	(12.00) %
Financial debt ratio	1.32	1.36	(2.94) %
Equity to capital employed	39.39 %	36.43 %	8.13 %
Financial charges to turnover	3.26 %	3.39 %	(3.83) %
Current ratio	65.40 %	88.95 %	(26.48) %
Fixed asset to equity capital margin	(26,646,769.00)	(22,219,548.00)	(19.92) %
Primary coverage ratio	0.55	0.56	(1.79) %
(Equity + non-current liabilities) - fixed assets	(12,666,303.00)	(3,242,938.00)	(290.58) %
Secondary coverage ratio	0.79	0.94	(15.96) %
Net working capital	(12,716,426.00)	(3,360,906.00)	(278.36) %
Acid test margin	(12,716,426.00)	(3,360,906.00)	(278.36) %
Acid test ratio	65.40 %	88.95 %	(26.48) %

RESULTS

To facilitate a better understanding of the company's results of operations, a reclassified income statement is set out below.

Income Statement

Item	FY 2019	%	FY 2018	%	Change	% change
VALUE OF PRODUCTION	**10,363,619**	**100.00%**	**10,309,648**	**100.00%**	**53,971**	**0.52%**
- Consumption of raw materials	40,693	0.39%	33,580	0.33%	7,113	21.18%
- General expenses	1,017,003	9.81%	1,024,261	9.93%	-7,258	-0.71%
VALUE ADDED	**9,305,923**	**89.79%**	**9,251,807**	**89.74%**	**54,116**	**0.58%**
- Payroll costs	6,950,230	67.06%	7,282,868	70.64%	-332,638	-4.57%
GROSS OPERATING MARGIN	**2,355,693**	**22.73%**	**1,968,939**	**19.10%**	**386,754**	**19.64%**
- Depreciation, amortisation and writedowns	923,920	8.92%	886,964	8.60%	36,956	4.17%
- Other operating expenses	253,373	2.44%	206,037	2.00%	47,336	22.97%
INCOME BEFORE FINANCIAL ITEMS	**1,178,400**	**11.37%**	**875,938**	**8.50%**	**302,462**	**34.53%**
+ Financial income/(costs)	4,725,580	45.60%	3,610,859	35.02%	1,050,244	29.09%
INCOME BEFORE TAX	**5,903,980**	**56.97%**	**4,486,797**	**43.52%**	**1,352,706**	**30.15%**
- Income taxes	1,243,749	12.00%	973,576	9.44%	270,173	27.75%
NET INCOME	**4,660,231**	**44.97%**	**3,513,221**	**34.08%**	**1,082,533**	**30.81%**
EBITDA	**2,102,320**	**20.29%**	**1,762,902**	**17.10%**	**339,418**	**19.25%**

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
R.O.E.	14.14 %	12.41 %	13.94 %
R.O.I.	2.14 %	1.97 %	63.04 %
R.O.S.	11.37 %	8.50 %	31.21 %
R.O.A.	1.41 %	1.13 %	24.78 %

INFORMATION REQUIRED BY ART. 2428 OF THE CIVIL CODE

Set out below is the detailed information specifically required by Art. 2428 of the Italian Civil Code.

Main risks and uncertainties faced by the Company

As required by the first paragraph of Art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed, taking into account the nature of an industrial investment holding company that operates in the automotive sector:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company and its subsidiaries operate, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Group has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Group will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Group's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risk in relation to normal commercial transactions with customers of subsidiaries;
- liquidity risk, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of activity of its main industrial subsidiaries - production of components for car makers - receivables are structurally concentrated as its customers are made up of a limited number of industrial groups.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company could have recourse to financial resources made available by the banking sector in the form of debt and use the funds to finance operations as well as investment and development initiatives. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

Lastly, where considered appropriate, the Company could make use of rate derivatives (interest rate swaps and caps) with the aim of hedging such risks.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non financial indicators.

Information on the environment

We can confirm that the Company has not applied any particular environmental policies because they are not necessary for our type of business.

Information on personnel management

The workforce amounted to 13 employees at the end of the year.

The main training activities during the year concerned courses for internal auditors and workers' safety representatives, as well as refresher courses for various occupational roles.

Research and development activities

Pursuant to paragraph 3.1 of Art. 2428 of the Civil Code, it is hereby confirmed that no research and development activities were performed in the year.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

The Company has had dealings with other Group companies as referred to in paragraph 3.2 of art. 2428 of the Civil Code, which are summarised below:

Receivables from affiliates classified as current assets

Description	FY 2019	FY 2018	Change
from subsidiaries	2,318,762	2,334,894	(16,132)
from fellow subsidiaries	517,273	586,601	(69,328)
Total	**2,836,035**	**2,921,495**	**(85,460)**

Receivables due from subsidiaries (€ 2,318,762 at 31st March, 2019) comprise:

- the amounts due from Endurance S.p.A. (€ 474,3229) and Endurance Engineering S.r.l. (€ 59,181) in relation to the domestic tax group;
- trade receivables (totalling € 1,785,350) in relation to the operational and financial services provided by the Company, as part of the management of the Group.

The amount receivable from fellow subsidiaries (€ 517,273 at 31st March, 2019) relates to the support activities provided to Endurance Amann GmbH, the German affiliate.

Payables due to and loans from affiliates

Description	FY 2019	FY 2018	Change
payables due to subsidiaries	19,259,437	11,608,117	7,651,320
payables due to fellow subsidiaries	7,524,514	6,517,330	1,007,184
Total	**26,783,951**	**18,125,447**	**8,658,504**

Due to subsidiaries within one year (€ 18,932,437 at 31st March, 2019) comprise:

- € 3,000,000 for the loan received from Endurance S.p.A.;

- € 15,913,663 for the amount due related to the cash pooling arrangement, of which
    - o € 12,458,306 to Endurance S.p.A.
    - o € 3,455,358 to Endurance Engineering S.r.l.
- trade payables of € 18,774;

Amounts due to subsidiaries beyond one year (€ 327,000 at 31st March, 2019) are guarantee deposits received from Endurance S.p.A. in connection with rental contracts;

Payables due to fellow subsidiaries (€ 7,524,514 at 31st March, 2019) relate to Endurance Amann GmbH, a foreign affiliate, specifically comprising € 4,504,564 due under the cash pooling arrangements and a loan of € 3,000,000 granted by the affiliate to the Company, as well as € 19,950 of trade payables;

Treasury shares

There are no treasury shares because of the Company's legal status as an S.r.l. (Società a responsabilità limitata or private limited liability company).

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2428 and Art. 2435-bis of the Italian Civil Code, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The economic forecasts issued by the various international organisations indicate a progressive deterioration in the growth prospects of the main economies. According to experts at the World Bank, world economic growth in 2019 will drop to 2.9%.

US growth is expected to slip from 2.9% to 2.5%, whereas the figure for China is likely to come in at 6.2%, versus 6.5% in 2018. The Euro zone is expected to post an increase of +1.6%, down from +1.9%. The forecasts made at the beginning of the year were then continuously downgraded as trade and geopolitical tensions rose and world trade fell.

The automotive industry had a difficult start to the year (-3.3% in the Euro area in January-March), while the preliminary figures for April are contrasting, with a moderate recovery in Italy (+1.5 % in the month compared with the previous year, after an awful first quarter) and in France (+0.4%), whereas Germany is still negative (-1%), as is the UK (-4.1%). Similar situations are also visible on the US and Chinese market with registrations in profound decline and little hope in the short term that expectations will turn towards more stable market conditions.

It is difficult to quantify how much of these reductions can be attributed to temporary phenomena - i.e. problems connected to the new WLTP procedures or the postponement of purchases by consumers waiting for greater certainty about the changes currently taking place, especially in regulatory issues - or rather to the cyclical nature of the automotive sector, conditioned by the uncertain macroeconomic trend.

In this regard, in February, 2019, ACEA (European Automobile Manufacturers Association) issued forecasts for new registrations in 2019, which see a flat market with growth of less than 1%.

The future prospects are therefore characterised by a high level of uncertainty. It is also difficult to foresee what impact there might be on the subsidiaries' activities of the multiple unknowns in the macroeconomic scenario, both nationally and internationally, and in the automotive sector in particular. These include: the effects of the new vehicle consumption test methodology (WLTP), current commercial tensions (in particular between the US and China, but possibly extending to the European automotive sector), the development of pure electric vehicles, the epilogue of what is by now the consolidated decline in sales of diesel vehicles and the evolution of the ever-current themes of aggregation and consolidation of carmakers and the supply chain.

Expectations are therefore for a year of transition, in which promoting and favouring new investment opportunities, both organically, through the development of subsidiary and associated companies, and inorganically, with possible further acquisitions. These activities can also be oriented by evaluating types of products and production methods currently not addressed by the Group.

The Company's activity will also have to foster the implementation of action to improve and streamline the subsidiaries' operations, including optimisation that should derive from greater collaboration between Group companies and, in particular, from integrating Endurance Castings S.p.A., which recently joined the Group.

Considering the foreseeable evolution of the subsidiaries, we believe that we can achieve positive results next year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risk on medium-term loans by arranging two IRS contracts and a cap contract for some of these loans. The fair value of these hedging instruments is disclosed in the explanatory notes.

Secondary locations

In accordance with art. 2428 of the Civil Code, details are provided below of the secondary locations used by the Company:

Address	Location
VIA REGIONE POZZO 26	CHIVASSO
VIA ARSENALE 33	TURIN

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements for the year ended 31st March, 2019 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Lombardore, 10th May, 2019

For the Board of Directors

The Managing Director

Massimo Venuti

General information on the company

Company data

Name:	ENDURANCE OVERSEAS SRL
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Quota capital:	16,105,263.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	05754620960
Tax code:	05754620960
REA Number:	1101893
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	642000
Company in liquidation:	no
Company with sole quotaholder	no
Company subject to management and coordination activities:	yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE TECHNOLOGIES LIMITED
Country of the parent company:	INDIA
Cooperatives register number:	

Financial statements
for the year ended 31st March, 2019

BALANCE SHEET

	31st March, 2019	31st March, 2018
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	-	478
2) development costs	-	-
3) industrial patent rights and intellectual property rights	15,455	8,992
4) Concessions, licenses, trademarks and similar rights	-	-
5) goodwill	922,024	1,011,654
6) assets in process of formation and advance payments	-	-
7) other	2,140	4,280
Total intangible assets	939,619	1,025,404
II - Tangible fixed assets		
1) land and buildings	14,050,201	12,811,030
2) plant and machinery	298,260	314,501
3) industrial and commercial equipment	4,124	3,068
4) other assets	43,673	71,872
5) assets under construction and advance payments	40,000	244,750
Total tangible fixed assets	14,436,258	13,445,221
III - Financial fixed assets		
1) equity investments in		
a) controlled companies	44,236,558	36,054,358
b) associated companies	-	-
c) parent/controlling companies	-	-
d) companies under common control	-	-
d-bis) other companies	-	-
Total equity investments	44,236,558	36,054,358
2) receivables		
a) from controlled companies	-	-
b) from associated companies	-	-
c) from parent/controlling companies	-	-
d) from companies under common control	-	-
d-bis) from others	-	2,500,000
due within one year	-	2,500,000
Total receivables	-	2,500,000
3) other securities	-	-
4) derivative financial instruments	-	-
Total financial fixed assets	44,236,558	38,554,358
Total fixed assets (B)	**59,612,435**	**53,024,983**
C) Current assets		
I - Inventories		
1) raw materials, ancillary materials and consumables	-	-
2) work in process and semi-finished products	-	-
3) contract work in progress	-	-
4) finished products and goods	-	-
5) advances	-	-
Total inventories	-	-

	31st March, 2019	31st March, 2018
II - Receivables	-	-
1) from customers	20,743	8,066
due within one year	20,743	8,066
2) from controlled companies	2,318,762	2,334,894
due within one year	2,318,762	2,334,894
3) from associated companies	-	-
4) from parent/controlling companies	-	-
5) from companies under common control	517,273	586,601
due within one year	517,273	586,601
5-bis) tax receivables	41,494	740,742
due within one year	41,494	740,742
5-ter) deferred tax assets	21,555	89,400
5-quater) due from others	43,934	43,017
due within one year	15,366	14,449
due beyond one year	28,568	28,568
Total receivables	2,963,761	3,802,720
III - Current financial assets	-	-
1) investments in controlled companies	-	-
2) investments in associated companies	-	-
3) investments in parent/controlling companies	-	-
3-bis) investments companies under common control	-	-
4) investments in other companies	-	-
5) derivative instruments	-	-
6) other securities	-	-
7) financial assets for centralized cash management (cash pooling)	-	-
Total current financial assets	-	-
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	21,010,331	20,662,877
2) cheques	-	-
3) cash on hand	442	482
Total cash and cash equivalents	21,010,773	20,663,359
Total current assets (C)	**23,974,534**	**24,466,079**
D) Prepaid expenses and accrued income	**98,343**	**209,438**
Total assets	83,685,312	77,700,500
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**32,965,666**	**28,305,435**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
III - Revaluation reserves	-	-
IV - Legal reserve	485,638	309,977
V - Statutory reserves	-	-
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	5,563,997	5,563,997
Total other reserves	5,563,997	5,563,997
VII – Cash flow hedge reserve	-	-
VIII - Retained earnings (accumulated losses)	5,845,800	2,508,240
IX - Net income (loss) for the year	4,660,231	3,513,221
Total quotaholders' equity	32,965,666	28,305,435

	31st March, 2019	31st March, 2018
B) Provision for risks and charges		
1) provisions for pensions and similar obligations	-	-
2) for current and deferred taxation	1,826,078	1,923,092
3) derivative financial instruments	99,219	79,283
4) other	-	-
Total provisions for risks and charges	1,925,297	2,002,375
C) Employee termination indemnities	**9,252**	**37,655**
D) Payables		
1) bonds	-	-
2) convertible bonds	-	-
3) due to shareholders for loans	-	-
4) due to banks	16,609,580	20,236,650
due within one year	4,890,663	3,627,070
due beyond one year	11,718,917	16,609,580
5) due to other financial institutions	-	-
6) advances	-	-
7) trade payables	186,113	187,874
due within one year	186,113	187,874
8) credit notes-represented payables	-	-
9) due to controlled companies	19,259,437	11,608,117
due within one year	18,932,437	11,281,117
due beyond one year	327,000	327,000
10) due to associated companies	-	-
11) due to parent/controlling companies	-	-
11-bis) due to entities under common control	7,524,514	6,517,330
due within one year	7,524,514	6,517,330
12) taxation payable	685,900	175,724
due within one year	685,900	175,724
13) due to pension and social security institutions	496,830	496,503
due within one year	496,830	496,503
14) other payables	3,995,647	8,102,340
due within one year	3,995,647	8,102,340
Total payables	**48,758,021**	**47,324,538**
E) Accrued expenses and deferred income	**27,076**	**30,497**
Total liabilities and quotaholders' equity	**83,685,312**	**77,700,500**

INCOME STATEMENT

	31st March, 2019	31st March, 2018
A) Value of production		
1) revenues from sales of goods and services	10,189,935	9,946,016
2) change in inventories of work in progress, semi-finished and finished products	-	-
3) change in contract work in progress	-	-
4) increases in non-current assets from in-house production	-	-
5) other income and revenues		
grants	-	-
other	173,684	363,632
Total other income and revenues	173,684	363,632
Total value of production	10,363,619	10,309,648
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	40,693	33,580
7) services	682,968	546,596
8) lease and rental charges	334,035	477,665
9) payroll	-	-
a) wages and salaries	6,012,978	6,200,948
b) social contributions	770,780	881,402
c) termination indemnities	144,887	169,214
d) pensions and similar commitments	-	-
e) other costs	21,585	31,304
Total payroll costs	6,950,230	7,282,868
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	97,576	98,517
b) depreciation of tangible fixed assets	826,344	788,447
c) other writedowns of fixed assets	-	-
d) writedowns of current receivables and liquid funds	-	-
Total depreciation, amortisation and writedowns	923,920	886,964
11) change in inventory of raw and ancillary materials, consumables and goods	-	-
12) provisions for risks and charges	-	-
13) other provisions	-	-
14) other operating expenses	253,373	206,037
Total cost of production	9,185,219	9,433,710
Difference between production value and cost (A - B)	**1,178,400**	**875,938**
C) Financial income and charges		
15) financial income from investments	-	-
from controlled companies	5,000,000	4,000,000
Total income from equity investments	5,000,000	4,000,000
16) other financial income		
a) from financial non-current assets	-	-
b) from other non current securities	-	-
c) from other current securities	-	-
d) income other than the above	-	-
from subsidiaries	-	620
other	78,042	27,178
Total income other than the above	78,042	27,798
Total other financial income	78,042	27,798
17) interest and other financial charges	-	-
to subsidiaries	65,449	76,968
to companies under common control	20,449	20,100
other	246,628	240,588
Total interest and other financial charges	332,526	337,656

	31st March, 2019	31st March, 2018
17-bis) exchange gains and losses	-	-
Total financial income and charges (15+16-17+-17-bis)	4,745,516	3,690,142
D) Adjustments to financial assets and liabilities		
18) revaluations		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of financial derivatives	-	-
e) of financial assets for centralized cash management (cash pooling)	-	-
Total revaluations	-	-
19) writedowns		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of derivative financial instruments	19,936	79,283
e) of financial assets for centralized cash management (cash pooling)	-	-
Total writedowns	19,936	79,283
Total adjustments to financial assets and liabilities (18-19)	(19,936)	(79,283)
Result before taxes (A-B+-C+-D)	**5,903,980**	**4,486,797**
20) Income taxes for the year, current and deferred		
current taxation	1,272,918	1,233,796
deferred taxation	(29,169)	(260,220)
Total income taxes for the year, current and deferred	1,243,749	973,576
21) Net income (loss) for the year	4,660,231	3,513,221

STATEMENT OF CASH FLOW (INDIRECT METHOD)

	Amount at 31st March, 2019	Amount at 31st March, 2018
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	4,660,231	3,513,222
Taxation	1,243,749	973,577
Interest expense/(interest income)	254,484	309,858
(Dividends)	(5,000,000)	(4,000,000)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	1,158,464	796,657
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	8,281	13,723
Depreciation and amortisation of fixed assets	923,920	886,964
Other adjustments up or (down) for non-cash items	19,937	79,283
Total adjustments for non-cash items that had no counterpart in net working capital	952,138	979,970
2) Cash flow before changes in net working capital	2,110,602	1,776,627
Change in net working capital		
Decrease/(Increase) in trade receivables	72,783	(568,122)
Increase/(Decrease) in trade payables	8,656,744	3,143,610
Decrease/(Increase) in prepaid expenses and accrued income	111,095	(40,361)
Increase/(Decrease) in accrued expenses and deferred income	(3,421)	30,497
Other decreases/(Other Increases) in net working capital	(2,511,954)	(1,282,458)
Total changes in net working capital	6,325,247	1,283,169
3) Cash flow after changes in net working capital	8,435,849	3,059,796
Other adjustments		
Interest collected/(paid)	(254,484)	(309,858)
(Income taxes paid)	(1,561,810)	(1,527,363)
Dividends received	5,000,000	4,000,000
(Use of provisions)	(133,698)	(181,727)
Total other adjustments	3,050,008	1,981,052
Cash flow from operating activities (A)	**11,485,857**	**5,040,848**
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(1,817,381)	(457,939)
Intangible assets		
(Investments)	(11,792)	(11,169)
Financial fixed assets		
(Investments)	(8,182,200)	(2,500,000)
Current financial assets		
Disposals	2,500,000	
Cash flow from investing activities (B)	**(7,511,373)**	**(2,969,108)**
C) Cash flows from financing activities		
Third-party funds		
Increase/(Decrease) in current bank loans		(500,000)
New loans		18,000,000
(Repayment of loans)	(3,627,070)	(4,261,938)
Cash flow from financing activities (C)	**(3,627,070)**	**13,238,062**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**347,414**	**15,309,802**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	20,662,877	5,352,516
Cash on hand	482	1,041
Total cash and cash equivalents at the beginning of the year	20,663,359	5,353,557
Cash and cash equivalents at the end of the year		

	Amount at 31st March, 2019	Amount at 31st March, 2018
Bank and postal deposits	21,010,331	20,662,877
Cash on hand	442	482
Total cash and cash equivalents at the end of the year	21,010,773	20,663,359

INFORMATION ON THE STATEMENT OF CASH FLOWS

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

EXPLANATORY NOTES, FIRST PART

Quotaholders, these explanatory notes are an integral part of the financial statements for the year ended 31st March, 2019.

The financial statements submitted for your approval report net income of € 4,660,231, after taxes of € 1,243,749 and depreciation and amortisation of € 923,920.

The financial statements have been prepared in the complete (rather than condensed) format, as the limits set by art. 2435-bis of the Italian Civil Code have been exceeded for two consecutive financial years.

The comparative figures for the previous year have been prepared on the same basis to ensure comparability.

Basis of preparation

Preparation of the financial statements

The financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31st March, 2019.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Accounting principles

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; it has not been necessary to restate any prior year items.

Accounting policies

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Structure and content of the financial statements

The balance sheet, income statement and the accounting disclosures contained in these explanatory notes agree to the books of account, from which they have been directly prepared.

In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22nd December, 2016, inclusive of the amendments published on 29th December, 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis

Goodwill	15 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

Start-up and expansion costs are recorded as a balance sheet asset, with the consent of the Board of Statutory Auditors, as they are prudently considered to be of future benefit; these costs are amortised over a period that does not exceed five years.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. Useful life is estimated at the time of initial recognition and is not changed in subsequent years. If this estimate cannot be made, goodwill is amortised over 10 years.

In order to determine the useful life of goodwill, the Company applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of goodwill be found to exceed 10 years, specific analyses are carried out to support the value determined with reference to the longer useful life, as required by OIC 24.70.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Pursuant to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the tangible assets recorded in the books have never been revalued.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Buildings	3%
Buildings – allocation of merger deficit (*)	6.67%
Plant and machinery	10%
Industrial and commercial equipment	15%
Temporary constructions	10%
Alarm systems	30%
Telephone	20%
Motor cars	25%

(*) depreciation based on the estimated residual useful lives, 15 years, of the assets that were allocated additional value following the merger (the effective date of which was 1st January, 2015).

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Impairment (tangible assets and intangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments, securities and financial receivables (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term.

Equity investments are measured at cost, as adjusted for any impairment. The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to quotaholders' equity.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31st March, 2019.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27th December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1st January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees pursuant to article 2120 of the Civil Code, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to quotaholders' equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to quotaholders' equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;
- all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods). Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services. Revenues from services are recognised upon completion and/or when earned. Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed. By contrast, deferred tax liabilities are recognised on all taxable temporary differences. Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Also for the year under review and up to the year ending 31st March, 2020, the Company has maintained the domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.), consisting of Endurance S.p.A., the company resulting from the absorption of Endurance Fondalmec S.p.A. by Endurance Foa S.p.A., and Endurance Engineering S.r.l. The Company is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration. All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Measurement of components denominated in foreign currency

As at the balance sheet date, the company does not have any assets or liabilities denominated in foreign currency.

Repurchase transactions

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

EXPLANATORY NOTES, ASSETS

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Movements in intangible assets

After having charged amortisation for the year of € 97,576, the balance of intangible assets is € 939,619.

The table shows the movements in fixed assets during the year.

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	52,430	22,944	1,345,787	74,400	1,495,561
Amortisation (Accumulated amortisation)	51,952	13,952	334,133	70,120	470,157
Carrying amount	478	8,992	1,011,654	4,280	1,025,404
Changes during the year					
Additions	-	10,508	-	1,283	11,791
Amortisation for the year	478	4,045	89,630	3,423	97,576
Total changes	(478)	6,463	(89,630)	(2,140)	(85,785)
Carrying amount at the end of the year					
Cost	52,430	33,452	1,345,787	75,683	1,507,352
Amortisation (Accumulated amortisation)	52,430	17,997	423,763	73,543	567,733
Carrying amount	-	15,455	922,024	2,140	939,619

Start-up and expansion costs, which include the costs incurred at the time of business combinations carried out in prior years, completed their amortisation during the period under review.

Industrial patent rights and intellectual property rights (€ 15,455 at 31st March, 2019) relate to the licences for the management software used by the Company, which are amortised over 3 years.

Goodwill amounting to € 922,024 at 31st March, 2019 (€ 1,011,654 at 31st March, 2018) represents part of the difference that arose on the absorption of subsidiaries Haminoea S.r.l. and Lomec S.r.l. by the parent company Endurance Overseas S.r.l. (the "Merger") in 2014-15, and represents the additional value associated with certain properties held under finance lease arrangements at the time when the merger deficit was being allocated.

In particular, this merger was carried out in order to simplify the chain of control over the subsidiaries and resulted in a combined merger deficit of € 6.3 million, being the difference between the book value of the quotas of the two merged subsidiaries and their net equity. This deficit was allocated as follows:

- € 5.0 million to increase the carrying amount of certain properties (based on expert appraisals of their market value determined by independent experts);
- € 2.5 million to increase the carrying amount of the investment in Endurance FOA S.P.A. (based on the forecast profitability of the acquired company);
- the recognition of € 1.3 million as goodwill, reflecting the additional value of certain properties held under finance lease arrangements (and therefore not reported in the balance sheet).

At the same time, on the liabilities side of the balance sheet, deferred tax liabilities of € 2.6 million were recognised on the additional value allocated to the properties concerned. Given that the additional values identified as a result of the merger are irrelevant for tax purposes, this being a tax neutral transaction under the current tax legislation, the gradual release to the income statement of these tax provisions will neutralise the additional tax charges made in the current and subsequent years due to the disallowance of the additional costs (depreciation) deriving from the increased carrying amount of the assets following the merger.

Goodwill is amortised over 15 years, being the estimated useful life of the assets acquired by the Company via the above-mentioned business combination.

Pursuant to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets recorded in the books have never been revalued.

These deferred charges have not been written down pursuant to para. 1.3 of art. 2426 of the Italian Civil Code because, in compliance with OIC 9, there is no evidence of that they might be impaired. The recoverability of the goodwill recognised in the balance sheet was confirmed by the five-year, economic-financial forecasts prepared by management, which show that the activities of the Group are expected to be profitable over that period. Applying the DCF method to the cash flows for each year, the enterprise value of the Company was determined as part of an impairment test that confirmed that the individual fair value of all assets, including goodwill in particular, exceeds their corresponding net carrying amounts.

Tangible fixed assets

Tangible fixed assets recorded in the financial statements at 31st March, 2019 amounted to € 14,436,258, net of accumulated depreciation of € 5,267,850 and consist of:

- Land and buildings: € 14,050,201 (including the additional value allocated to the property of the Company at the time of the Merger);
- Plant and machinery: € 298,260;
- Industrial and commercial equipment: € 4,124;
- Other assets: € 43,673;
- Assets under construction and advance payments: € 40,000.

Movements in tangible fixed assets

The change during the 2018-19 financial year are analysed below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	16,758,624	712,439	7,811	166,105	244,750	17,889,729
Depreciation (Accumulated depreciation)	3,947,594	397,938	4,743	94,233	-	4,444,508
Carrying amount	12,811,030	314,501	3,068	71,872	244,750	13,445,221
Changes during the year						
Additions	1,778,089	28,000	2,415	8,877	-	1,817,381
Reclassifications (of the carrying amount)	204,750	-	-	-	(204,750)	-
Depreciation for the year	743,668	44,241	1,359	37,076	-	826,344
Total changes	1,239,171	(16,241)	1,056	(28,199)	(204,750)	991,037
Carrying amount at the end of the year						
Cost	18,741,463	740,439	10,226	174,982	40,000	19,704,108
Depreciation (Accumulated depreciation)	4,691,262	442,179	6,102	131,309	-	5,267,850
Carrying amount	14,050,201	298,260	4,124	43,673	40,000	14,436,258

The most significant increases for the period concern Land and Buildings and include the purchase of the portion of industrial property following early repayment of the financial lease contract with Unicredit Leasing Spa. The purchase for € 849 thousand took place by deed dated 27th April, 2018. The residual amount is attributable to the construction of the new industrial shed in Lombardore, made available to the subsidiary Endurance Spa and used as a warehouse (approx. 3,500 sqm indoors and approx. 1,500 sqm outdoors with canopy).

Assets under construction and advance payments include the cost for the new building mentioned above.

Finance leases

Finance leases are recognised in accordance with the Italian tax regulations: this involves charging the lease instalments for the period to the income statement (€ 11,250 in 2018-19). The adoption of finance lease methodology, as required by the international accounting standards, would have involved expensing the interest accrued on the loan principal and the depreciation of the leased assets, as well as capitalising those assets and recognising the residual loan principal as a payable.

On 27th April, 2018, with an agreement signed at the office of Notary Smirne in Turin, the industrial property located in Lombardore was purchased for € 849,081 for early redemption from the lease contract with Unicredit Leasing Spa, which was the only lease contract outstanding at that date. As a result of the above, all of the building units in the Lombardore area are wholly owned by Endurance Overseas S.r.l. at the date of preparation of the financial statements.

As a result of this operation, the Company does not have any financial lease contracts outstanding at 31st March, 2019, which is why there is no disclosure about finance lease accounting (for information purposes, we can say that the effect on the financial statements if this method had been adopted would have been positive for a net value of € 3,811).

Financial fixed assets

The item in question relates to the amount of the investments in subsidiaries held at the end of the financial year. The equity investments recorded in the financial statements are stated at cost, equal to the expense incurred for the purchase, regardless of the manner of payment, comprising any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

Note that the value of the equity investment in Endurance S.p.A. reflects the impact of the merger by absorption of Endurance Fondalmec S.p.A. with Endurance S.p.A.

(formerly Endurance FOA S.p.A.) approved by the extraordinary shareholders' meeting of 19th September, 2018 and effective on 14th December, 2018 by deed of Notary Manuela Agostini in Milan, rep. 81480 and file no. 15780. The item in question changed again during the year by virtue of the acquisition on 7th January, 2019 of the equity investment representing 100% of Endurance Castings S.p.A. (formerly Fondpresmetal GAP S.p.A.), which was completed by endorsing the share certificate authenticated by Notary Chibbaro in Milan.

Details of equity investments in subsidiaries

The following table provides details of equity investments in subsidiary companies as well as the additional disclosures required by art. 2427 of the Civil Code (amounts in Euro):

Name	City or Country	Share capital	Result 2018-19 financial year	Shareholders' equity at 31st March, 2019	Equity interest held (%)	Equity interest held (amount)	Carrying amount
ENDURANCE SPA	Chivasso (TO)	5,000,000	11,925,670	54,738,436	100.00%	54,738,436	34,054,358
ENDURANCE ENGINEERING SRL	Turin	100,000	1,170,658	4,411,708	100.00%	4,411,708	2,000,000
ENDURANCE CASTINGS SPA	Bione (BS)	900,000	293,126	8,535,021	100.00%	8,535,021	8,182,200
Total							**44,236,558**

The carrying amount of all investments in subsidiaries is considerably lower that the corresponding value of the shareholders' equity held, given the positive results generated by those companies.

The absence of any evidence of impairment is further confirmed by the five-year, economic-financial forecasts prepared by the management of each company, which indicate continued profitability over that period. The theoretical present value of the subsidiaries was calculated using the DCF method (impairment test). The outcome confirmed that the present value of each subsidiary is greater than the related carrying amount.

Changes in and maturity of non-current receivables

The following table shows the movements in intangible assets during the year.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Other receivables	2,500,000	-2,500,000	-
Total	**2,500,000**	**-2,500,000**	**-**

The change during the year refers to the collection on expiry of financial bills of exchange purchased during the previous year as part of the programme for the temporary investment of available liquidity.

CURRENT ASSETS

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Receivables booked under current assets

These total € 2,963,761 at 31st March, 2019, down by € 838,959 since 31st March, 2018 (€ 3,802,720). These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Within one year
Trade receivables	8,066	12,677	20,743	20,743	-
Receivables due from subsidiaries	2,334,894	(16,132)	2,318,762	2,318,762	-
Receivables due from companies under common control	586,601	(69,328)	517,273	517,273	-
Tax receivables	740,742	(699,248)	41,494	41,494	-
Deferred tax assets	89,400	(67,845)	21,555	-	-
Other receivables	43,017	917	43,934	15,366	28,568
Total	**3,802,720**	**(838,959)**	**2,963,761**	**2,913,638**	**28,568**

- Trade receivables: € 20,743 due from customers;
- Receivables due from subsidiaries: € 2,318,762, relating to:
    - the amounts due from Endurance S.p.A. (€ 474,229) and Endurance Engineering S.r.l. (€ 59,181) in relation to the domestic tax group;
    - trade receivables (totalling € 1,785,350) in relation to the operational and financial services provided by the Company, as part of the management of the Group.
- Receivables due from companies under common control: € 517,273 due from Endurance Amann GmbH for support provided to this German subsidiary;
- Tax receivables: € 41,494 of which € 18,301 is the positive difference between IRAP for the year and advances paid and € 23,193 for recoverable VAT;
- Deferred tax assets: € 21,555;
- Other receivables: € 43,934, of which € 28,568 due beyond one year in relation to guarantee deposits.

Breakdown by geographical area of receivables recorded under current assets

In terms of the geographical distribution of receivables, the above amounts are due to the Company by Italian counterparties, except as mentioned in relation to the amounts receivable from Endurance Amann GmbH (€ 517,273).

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	20,662,877	347,454	21,010,331
cash on hand	482	(40)	442
Total	**20,663,359**	**347,414**	**21,010,773**

Cash and cash equivalents include own cash and the balance resulting from the cash pooling system. A receivable is recorded as a contra-entry in the event of a liability, or a payable in the case of an asset from the other participants to the cash pooling system (companies belonging to the Endurance Group). The increase compared with the previous year is due for € 6,291,373 to the higher liquidity deposited by Group companies in the cash pooling system, offset by the use of cash and cash equivalents, particularly in relation to financial and real estate investments carried out during the year.

Prepaid expenses and accrued income

The following table shows the changes in prepaid expenses and accrued income.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Prepaid expenses	209,438	(111,095)	98,343
Total prepaid expenses and accrued income	**209,438**	**(111,095)**	**98,343**

Prepaid expenses (€ 98,343 at 31st March, 2019) include amounts paid in advance by way of insurance premiums and costs pertaining to subsequent years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

EXPLANATORY NOTES, LIABILITIES AND QUOTAHOLDERS' EQUITY

Quotaholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Quotaholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in quotaholders' equity items

The following tables covering the past two years present the changes in quotaholders' equity and details of the other reserves reported in the balance sheet.

The changes in quotaholders' equity during the prior year are analysed below:

	Amount at 1st April, 2017	Allocation of the prior year result - Other allocations	Result for the year	Amount at 31st March, 2018
Quota capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	299,300	10,677	-	309,977
Extraordinary reserve	2,681,395	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	2,882,602
Retained earnings (accumulated losses)	2,305,379	202,861	-	2,508,240
Net income (loss) for the year	213,538	(213,538)	3,513,221	3,513,221
Total	**24,792,214**	**-**	**3,513,221**	**28,305,435**

The changes in quotaholders' equity during the year are indicated below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Carrying amount at the end of the year
Quota capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	309,977	175,661	-	485,638
Extraordinary reserve	2,681,395			2,681,395
Paid in to cover losses	2,882,602	-	-	2,882,602
Retained earnings (accumulated losses)	2,508,240	3,337,560	-	5,845,800
Net income (loss) for the year	3,513,221	(3,513,221)	4,660,231	4,660,231
Total	**28,305,435**	**-**	**4,660,231**	**32,965,666**

Availability and use of quotaholders' equity

The following table provides details of the components of quotaholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/ Nature	Potential utilisation	Amount available
Quota capital	16,105,263	Quota capital		-
Share premium reserve	304,737	Quota capital	A;B;C	304,737
Legal reserve	485,638	Revenue	B	-
Extraordinary reserve	2,681,395	Revenue	A;B;C	2,681,395
Paid in to cover losses	2,882,602	Quota capital	A;B;C	2,882,602
Retained earnings (accumulated losses)	5,845,800	Revenue	A;B;C	5,845,800
Total	**28,305,435**			**11,714,534**
Amount not distributable				21,555
Residual amount distributable				11,692,979

The above table indicates the potential utilisation of each component as indicated below:

A: for increase in capital B: to cover losses C: for distribution to the quotaholders

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 of the Italian Civil Code, covers the deferred tax assets recognised in the balance sheet, which are assets still to be realised.

Provisions for risks and charges

The provisions for risks and charges, mainly related to deferred taxation, are recognised in the financial statements according to OIC 31 (a total of € 1,925,297 at 31st March, 2019).

The amount comprises:

- € 1,826,078 of deferred tax liabilities at 31st March, 2015 as part of the above merger. The change during the year (€ 97,014) reflects the release of the tax effect to match the depreciation of the additional amounts allocated to the assets of the Company at the time of the Merger;
- € 99,219 of the derivative financial instruments represent the negative fair value of certain derivatives used by the Company, as required by OIC 32. See the section on financial fixed assets for information about their recognition for accounting purposes

The following table shows the changes in provisions for risks and charges.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Provision for current and deferred taxation	1,923,092	-	97,014	(97,014)	1,826,078
Derivative financial instruments	79,283	19,936	-	19,936	99,219
Total	**2,002,375**	**19,936**	**97,014**	**(77,078)**	**1,925,297**

Provision for employee termination indemnity

Employee termination indemnities amount to € 9,252 at 31st March, 2019 (€ 37,655 at 31st March, 2018). The changes during the year are summarised below.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
PROVISION FOR EMPLOYEE TERMINATION INDEMNITY	37,655	8,281	36,684	(28,403)	9,252
Total	**37,655**	**8,281**	**36,684**	**(28,403)**	**9,252**

The item includes the portion of cost present in the financial statements relating to the termination indemnity not allocated to the treasury account with INPS, Previndai and Fondo Cometa.

Payables

Payable total € 48,758,022 at 31st March, 2019 (€ 47,324,538 at 31st March, 2018). Pursuant to Article 12, Para 2 of Legislative Decree 13912 O/S, the Company has elected to measure payables using the amortised cost method. This election was made on a perspective basis and therefore, only applies to the payables that have arisen, subsequent to 1st January, 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	20,236,650	(3,627,070)	16,609,580	4,890,663	11,718,917
Trade payables	187,874	(1,761)	186,113	186,113	-
Payables due to subsidiaries	11,608,117	7,651,320	19,259,437	18,932,437	327,000
Payables due to companies under common control	6,517,330	1,007,184	7,524,514	7,524,514	-
Tax payables	175,724	510,176	685,900	685,900	-
Due to pension and social security institutions	496,503	327	496,830	496,830	-
Other payables	8,102,340	(4,106,693)	3,995,647	3,995,647	-
Total	**47,324,538**	**1,433,483**	**48,758,021**	**36,712,104**	**12,045,917**

They are detailed as follows:

- Due to banks within one year: € 4,890,663, relating to the current portion of loans arranged directly by the Company;
- Due to banks beyond one year: € 11,718,917, relating to the non-current portion of loans arranged directly;
- Trade payables: € 186,113;
- Due to subsidiaries within one year, € 18,932,437, as analysed below:
  - € 3,000,000 for the loan received from Endurance S.p.A.;
  - € 15,913,663 for the amount due related to the cash pooling arrangement, of which
    - € 12,458,306 to Endurance S.p.A.
    - € 3,455,358 to Endurance Engineering S.r.l.
  - trade payables of € 18,774;
- Due to subsidiaries beyond one year: € 327,000, relating to deposits received from Endurance S.p.A. for outstanding rental contracts;
- Payables due to companies under common control: € 7,524,514 due to Endurance Amann GmbH, a foreign affiliate, comprising € 4,504,564 due under the cash pooling arrangements and a loan of € 3,000,000 granted by the affiliate to the company and trade receivables for € 19,950;

- Tax payables: € 685,900, relating to the IRES payable deriving from the domestic tax group in force with Endurance S.p.A. and Endurance Engineering S.r.l. for € 569,523 and taxes withheld from payments to employees and freelance workers for € 116,377;
- Due to pension institutions: € 496,830, mainly payable to INPS and Previndai;
- Other payables within one year: € 3,995,647 relates to the amounts due to employees for payroll accruals and miscellaneous payables.

Amounts due to banks decreased during the period by € 3,627,070 due to reimbursements made according to the contractual repayment plans.

It should be noted that, on newly signed contracts, application of the amortised cost method resulted in a reduction in the nominal amount of payables of € 31,351 (€ 51,581 at 31st March, 2018).

The following is a breakdown of medium-term loans outstanding at 31st March, 2019:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at 31.03.2019	Within one year	Beyond one year
Intesa Sanpaolo	3,000,000	26/04/2011 - 10	615,385	307,692	307,693
UBI (**)	2,500,000	27/03/2017 - 5	1,513,089	499,942	1,013,147
Unicredit (**)	10,000,000	04/07/2017 - 5	8,750,000	2,500,000	6,250,000
UBI (**)	3,000,000	19/07/2017 - 5	2,012,457	598,442	1,414,015
BNL (**)	5,000,000	27/10/2017 - 5	3,750,000	1,000,000	2,750,000
Application of amort. cost method			(31,351)	(15,413)	(15,938)
Total	**23,500,000**		**16,609,580**	**4,890,663**	**11,718,917**

(**) Financial payables recognised using the amortised cost method.

The contracts are settled on the basis of the 3-month Euribor rate and have been hedged against interest rate risk by taking out derivatives for a notional of € 13,055,555 at 31st March, 2019, of which € 12,500,000 with IRS contracts and Euro 555,555 with caps.

Breakdown of payables by geographical area

In terms of the geographical distribution of payables, the Company's counterparties are all Italian, except for the amounts due to Endurance Amann GmbH (totalling € 7,524,514).

Debt secured by collateral on company assets

The following schedule details the payables secured on the Company's assets. In relation to the amounts due to banks, these comprise the loan from Intesa Sanpaolo that was transferred to Endurance Overseas S.r.l. as a result of the merger, which is secured by a mortgage on the property at Lombardore (at nominal value):

	Debts secured by mortgages	Total debt secured by collateral	Debt not secured by collateral	Total
Due to banks	615,385	615,385	15,994,195	16,609,580
Trade payables	-	-	186,113	186,113
Payables due to subsidiaries	-	-	19,259,437	19,259,437
Payables due to companies under common control	-	-	7,524,514	7,524,514
Tax payables	-	-	685,900	685,900
Due to pension and social security institutions	-	-	496,830	496,830
Other payables	-	-	3,995,647	3,995,647
Total payables	**615,385**	**615,385**	**48,142,636**	**48,758,021**

The nominal value of the payables secured by mortgages on the assets of the Company are analysed by maturity in the following table (without considering the amortised cost adjustment):

Debt secured by collateral	Amount
- due within one year	307,692
- due beyond one year but within 5 years	307,693
Total	**615,385**

Loans from quotaholders

The Company has not received any loans from quotaholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Accrued expenses	30,497	(3,421)	27,076
Total accrued expenses and deferred income	**30,497**	**(3,421)**	**27,076**

EXPLANATORY NOTES, INCOME STATEMENT

The income statement reports the results for the year. This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives. Financial activities comprise those operations that generate financial income and expense. Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The property and equity investment management activities of the Company generate revenues principally from the rental of property, the management and coordination services provided to Group companies and the recharge to subsidiaries and affiliates of the cost of the executives employed by the Company.

The following table analyses the operating costs incurred during the 2017-18 financial year on a comparative basis:

Description	Year 2018-19	Year 2017-18	Change
Revenues from sales of goods and services	10,189,935	9,946,016	243,919
other income and revenues	173,684	363,632	-189,948
Total	**10,363,619**	**10,309,648**	**53,971**

Revenues from sales of goods and services include rental income (€ 2,204,935) and income for services provided under the service agreement with the subsidiaries and affiliates (€ 7,985,000). The increase compared with the previous period (€ 243,919) is mainly due to the higher income deriving from the Service Agreement.

Other income and revenues relate to the proceeds for the recharging of costs for personnel on secondment and ancillary charges to the associated company, with the balance made up of sundry other income and revenue items.

Cost of production

The following table analyses the operating costs incurred during the 2018-19 financial year on a comparative basis:

Description	Year 2018-19	Year 2017-18	Change
Cost of raw and ancillary materials, consumables and goods for resale	40,693	33,580	7,113
Cost of services	682,968	546,596	136,372
Lease and rental charges	334,035	477,665	(143,630)
Payroll costs			
- Wages and salaries	6,012,978	6,200,948	(187,970)
- Social contributions	770,780	881,402	(110,622)
- Employee termination indemnity and other costs	166,472	200,518	(34,046)
Amortisation of intangible assets	97,576	98,517	(941)
Depreciation of tangible fixed assets	826,344	788,447	37,897
Other operating expenses	253,373	206,037	47,336
Total	**9,185,219**	**9,433,710**	**(248,491)**

Production costs decreased slightly (by 2.6% overall) compared with the previous year.

Lease and rental charges decreased due to early redemption of the real estate lease that took place during the year under review.

Payroll costs comprise the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements, cost for external collaborators, variable remuneration components, incentives to leave the company, as well as charges deriving from the management retention plan in favour of corporate management, which depends on the economic-financial results achieved in Europe and the continued employment of the personnel concerned for a minimum pre-determined period. The decrease in cost is due to a reduction in administrative staff.

Financial income and charges

Income from equity investments in the 2018-19 financial year (€ 5,000,000) refers to the distribution of dividends made by subsidiaries during the year under review.

Financial income for 2018-19 (€ 78,042) refers to accrued interest and capital gains realised on financial securities (financial bills and government securities) held during the year. Financial charges (€ 332,526) mainly relate to the interest incurred on the intercompany loan (€ 85,898) and on the loans from banks (€ 246,628).

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.

During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes. The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2018-19	Year 2017-18
Income taxes	**1,243,749**	**973,576**
Current taxation		
of which: IRES for the year (current)	1,046,833	1,012,190
of which: IRAP for the year (current)	209,386	209,081
of which: Taxation relating to prior years	16,699	12,525
Deferred taxation	(26,169)	(260,220)

They are detailed in the following tables:

- a description of the temporary differences that have given rise to the recognition of deferred tax liabilities and assets, with details of the rate applied,changes in the year and the amounts credited or debited to the income statement or to quotaholders' equity;

- the amount of deferred tax assets recognised relating to losses for the year or prior years and the reasons for their recognition; the amount not yet recognised and the reasons for the non-recognition;

- items excluded from the computation and the reasons for their exclusion.

Recognition of deferred tax assets and liabilities and their impact

	IRES tax	IRAP tax
A) Temporary differences		
Total deductible temporary differences	292,260	-
Total taxable temporary differences	357,296	347,725
Net temporary differences	65,036	347,725
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	1,564,873	268,819
Deferred tax liability (assets) of the year	(15,609)	(13,560)
Provision for deferred tax liability (assets) at the end of the year	1,549,264	255,259

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The balance of deferred tax assets shown in the table is the net of provisions for the year less the deferred tax assets recognised in previous years and reversed during the period.

To be specific, there is a simultaneous reversal of deferred tax assets and liabilities set aside in previous years due to temporary differences that had to be provided for.

EXPLANATORY NOTES, OTHER INFORMATION

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The average number of employees is analysed by category below.

	Executives	White collar	Total employees
Average number	8	5	13

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	65,000	51,719

Fees of the legal auditor or auditing firm

During the year, the following amounts (comprising fees and expenses) were paid to the independent auditors (Deloitte & Touche S.p.A.):

- € 39,650 for the legal audit of the accounts, comprising the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the Endurance Technologies Group;

- € 1,050 for the audit work performed in order to sign the tax declarations;

- € 39,453 for services provided by other members of the same network as the independent auditors.

Classes of shares issued by the Company

This paragraph of the explanatory notes is not pertinent, since the Company's capital does not consist of shares.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

The Company has given mortgage guarantees in favour of Endurance S.p.A. in relation to the loan arranged in 2015/2016 with Intesa Sanpaolo (residual balance at 31st March, 2019 of € 3,703,704), which is secured by a mortgage on the property used by that subsidiary under rental contracts signed with the Company.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by counterparty:

Type of contract	Number of contracts	Original notional value	Notional value at 31st March, 2019	Fair value at 31st March, 2019
Interest rate swap	2	15,000,000	12,500,000	(99,219)
Interest rate cap	1	2,500,000	555,555	-
TOTAL	**3**	**17,500,000**	**13,055,555**	**(99,219)**

Summary financial statements of the company which exercises management and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered office at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2018 (source www.ecb.europa.eu) was 80.2960 (69.3965 at 31st March, 2017):

Balance sheet	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Assets		
Non-current assets		
Fixed assets, net	10,181.26	8,798.80
Investments and other non-current assets	5,550.27	5,456.61
Current assets	10,323.57	8,245.55
Total Assets	**26,055.10**	**22,500.96**
Liabilities and quotaholders' equity		
Quotaholders' equity	**17,922.58**	**15,630.64**
Non-current liabilities		
Non-current financial liabilities	49.58	198.52
Other non-current liabilities	63.25	187.91
Current liabilities		
Current financial liabilities	7,072.36	5,520.23
Other current liabilities	947.33	963.66
Total liabilities and quotaholders' equity	**26,055.10**	**22,500.96**

Income Statement	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Revenues	**47,874.05**	**42,926.99**
Operating costs	41,786.44	38,091.04
Depreciation and amortisation	1,696.31	1,668.57
Financial charges	102.49	178.57
Non-recurring income/(expense)	(268.78)	-
Income before tax	**4,020.03**	**2,988.81**
Taxation for the year (current and deferred)	1,304.00	773.84
Income (loss) for the year	**2,716.03**	**2,214.97**
OCI - Other comprehensive income	(0.84)	(17.83)
Total statement of comprehensive income	**2,715.19**	**2,197.14**

The previous section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4th August, 2017

Starting from the 2018-19 financial statements, art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

In consideration of the fact that this provision has raised questions of interpretation and application that are still unresolved, the Company has carried out investigations and, also in the light of the latest guidelines, considers that they do not fall within the scope of the disclosure requirement:

- general measures that can be used by all companies in application of current tax laws; such as, for example, the so-called ACE (aid for economic growth);
- grants for training activities co-financed by Fondirigenti amounting to € 15,000.

Proposed allocation of profits or coverage of losses

Quotaholders, in light of the above, the Board of Directors would like to propose allocating the net income for the year of € 4,660,231 as follows:

- € 233,012 to the legal reserve;
- € 4,427,219 to retained earnings.

EXPLANATORY NOTES, CLOSING SECTION

Quotaholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31st March, 2019, together with the proposed allocation of the net result for the year, as submitted by the Board of Directors.

The financial statements are true and real and agree with the books of account.

Lombardore, 10th May, 2019

For the Board of Directors
The Managing Director

Massimo Venuti

ENDURANCE OVERSEAS S.r.l.

Statutory financial statements as of 31st March, 2019

Independent Auditor's Report

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

To the Quotaholders of

ENDURANCE OVERSEAS S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Overseas S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2019, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Overseas S.r.l. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Overseas S.r.l. as at March 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 13, 2019

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE OVERSEAS SRL

Head Office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)

Tax Code and Turin Companies Register no. 05754620960

Turin Chamber of Commerce registration No. 1101893

Quota capital: € 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Sole quotaholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Statutory financial statements for the year ended 31st March, 2019

Report to the Quotaholders' Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended 31st March, 2019, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Activities carried out by the Board of Statutory Auditors during the year ended 31st March, 2018

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the Independent Auditors and, based on the information acquired, no significant issues arose that require disclosure in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code.

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Information on the financial statements

The draft financial statements for the year ended 31st March, 2018, prepared in condensed form, verified related requirements, has been provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, and have been prepared in accordance with the requirements of Legislative Decree no. 127/91; it consist of:

- Balance sheet
- Income statement
- Explanatory notes

The main data of the draft Financial Statements for the year ended 31st March, 2019 are shown below:

BALANCE SHEET

Description	FY 2019	FY 2018	Difference
Fixed assets	59,612,435	53,024,983	6,587,452
Current assets	23,974,534	24,466,079	491,545-
Prepaid expenses and accrued income	98,343	209,438	111,095-
Total assets	**83,685,312**	**77,700,500**	**5,984,812**

Description	FY 2019	FY 2018	Difference
Quotaholders' equity	32,965,666	28,305,435	4,660,231
Provision for risks and charges	1,925,297	2,002,375	77,078-
Provision for employee termination indemnity	9,252	37,655	28,403-
Payables	48,758,021	47,324,538	1,433,483
Accrued expenses and deferred income	27,076	30,497	3,421-
Total liabilities and shareholders' equity	**83,685,312**	**77,700,500**	**5,984,812**

INCOME STATEMENT

Description	FY 2019	FY 2018	Difference
Value of production	10,363,619	10,309,648	53,971
Revenues	10,189,935	9,946,016	243,919
Production cost	9,185,219	9,433,710	248,491-
Difference between production value and cost (a - b)	1,178,400	875,938	302,462
Result before taxes (a-b+-c+-d)	5,903,980	4,486,797	1,417,183
Income taxes for the year, current and deferred	1,243,749	973,576	270,173
Profit (loss) for the year	**4,660,231**	**3,513,221**	**1,147,010**

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at 31st March, 2018 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 6, of the Italian Civil Code, goodwill is recorded in the balance sheet, the net carrying value of which amounts to € 922,024 at 31st March, 2019, recorded in the context of business combinations that occurred in previous years and with Board of Statutory Auditors' consent, being verified the requirements for registration.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

RESULT FOR THE YEAR

The net result ascertained by the Directors for the year ended 31st March, 2019, as shown in the financial statements, is positive and amounts to € 4,660,231.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

CONCLUSION

Also considering the results of the work performed by the independent auditors, as explained in their audit report, issued without exceptions or remarks on 13th May, 2019, we unanimously believe that there are no reasons why the Shareholders' Meeting should not approve the draft annual financial statements for the year ended 31st March, 2019, as drafted and proposed by the Directors.

Milano, 13th May, 2019

The Board of Statutory Auditors

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)

Tax Code, Turin Chamber of Commerce and

Turin Companies Register No. 05754620960

Turin Chamber of Commerce no. 1101893

Quota capital: Euro 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Report on Operations

Consolidated financial statements for the year ended 31st March, 2019

To the Quotaholders,

The explanatory notes provide information about the consolidated financial statements for the year ended 31st March, 2019; in compliance with art. 2428 of the Italian Civil Code, this document provides information about the situation and performance of the Endurance Group (comprising the Parent Company, Endurance Overseas S.r.l., and its subsidiaries, Endurance S.p.A., Endurance Engineering S.r.l. and Endurance Castings S.p.A., together the "Group"). This report, prepared with amounts shown in whole Euro (unless otherwise indicated), accompanies the consolidated financial statements in order to provide information about the Group's earnings, financial position and operations, together, where possible, with historical facts and an assessment of future prospects.

INFORMATION ON THE COMPANY

Matters concerning the economy in general and the results of operations:

In 2018, the global economy turned in positive overall growth, but this was the result of a dynamic first half, followed by a slowdown in the second half.

According to the preliminary estimates released by the World Bank, real Gross Domestic Product (GDP) grew by 3% with different situations in the various macro areas (USA +2.9%, Eurozone +1.9%, Japan +0.8 %, China +6.5%, India +7.3% and Brazil +1.2%).

In Italy, there was growth for the fifth year running, but with an annual increase of only +0.9% due to a sharp deceleration in the second half of the year, culminating with a fourth quarter in technical recession. The slowdown in growth is mainly attributable to weak private consumption and a lower contribution from net exports (-0.1%).

The automotive industry had a trend similar to the macroeconomic context. In the European Union new car registrations in the period corresponding to the financial year (from April, 2018 to March, 2019) grew in the first and second quarters (+5.1% and +1.6% respectively) while in the third and last quarter they showed a significant decline (-7.8% and -3.3% respectively). Overall registrations have reached a lower level than the previous year (-1%). Among the factors that contributed to the decline in the second half of the year, an important one was the introduction of the new vehicle consumption test methodology (WLTP - Worldwide Harmonised Light Vehicles Test Procedures). It was first introduced on 1st September, 2017, but only for new models needing approval, whereas from September, 2018 it was extended to all newly registered cars. Several car manufacturers have suffered delivery delays due to the complexity of the new procedure, which takes into account all the optional contents that influence the aerodynamics, rolling resistance and mass of the vehicle, determining a CO2 value that more faithfully reflects the characteristics of the individual vehicle, but involves having to test various types of kit on the same model.

The WLTP procedure will gradually replace the NEDC procedure and both WLTP and NEDC consumption and CO2 emissions data will be shown in the vehicle's documents until the end of 2020. From 2021, WLTP data will be the only CO2 consumption/emissions data given for all cars. Second-hand vehicles will not be affected by this step and will retain their certified NEDC values.

The trend in registrations by individual car manufacturers shows the consolidation of VW's European leadership (-1.3%, with a market share of 23.9%, the same as the previous year) followed by Renault (+0.3%, with a market share of 10.8% compared with 10.6% the previous year), PSA (excluding its acquisition of Opel at +3.4% and a market share of 10.6% from 10.2%), FCA (-4.1% and a market share of 6.5% from 6.7%), BMW (-1.1%, with a stable market share of 6.6%), Daimler (-3.3% and a 6.1% market share from 6.3%), Opel (-4.6% and a 5.7% market share from 5.9%) and other manufacturers (-0.8% with a share of 29.9%).

Of the particular phenomena that can be deduced from the trend in European registrations, it is worth mentioning the continuous reduction in diesel vehicle registrations (-18.3% in the calendar year) and the increase in petrol vehicles (+12.8% in the calendar year) as well as alternative power vehicles (LPG/CNG, hybrid and electric cars), +30.4% in the calendar year, with a market share of 7.3% compared with 5.6% the previous year (of which pure electric vehicles have a 2% share).

In this difficult market context, the Endurance Group was able to achieve a slight growth in revenues, helped by the change in the scope of consolidation, which was partially offset by changes in inventories of finished and semi-finished products; above all, it managed to counteract the decline in sales to domestic customers by increasing sales to its main German customers. Consolidated EBITDA in 2018/2019 was Euro 40.5 million or 18.6% of the value of production and increased by 12.8% on the previous year. The net result was positive and amounted to Euro 11.4 million, equal to 5.3% of the value of production and increased by 13.5% on the prior year. The positive economic results contributed to a net improvement in the net financial position, despite major capital investment, and further strengthened the Group's financial solidity.

Key events

Compared with the previous year, the scope of consolidation has changed due to the inclusion of Endurance Castings S.p.A. (formerly Fondpresmetal GAP S.p.A.), following the acquisition of a 100% interest on 7th January, 2019; the operations of Endurance Castings S.p.A. are included in the consolidated financial statements for the period from 1st January, 2019 to 31st March, 2019 (given that the results for the period from 1st January, 2019 to 7th January, 2019 were immaterial, also considering that production stop during the Christmas holidays).

The purpose of this acquisition was to increase the production capacity of the Endurance Group with a view to verticalising the Group's processes as a whole. This is becoming increasingly necessary to consolidate the Group's position in its reference market. The company is based in Bione (BS), has 80 employees and mainly produces moulded aluminium castings for the automotive and non-automotive sectors, selling them to customers that complement the Group's existing portfolio. At the time of the acquisition, a significant portion of its production capacity was already devoted to supplying other Group companies. The entire purchase price of Euro 8.2 million was paid in cash at the time of the acquisition.

It should also be noted that Endurance Fondalmec S.p.A. was merged by incorporation into Endurance S.p.A. (formerly Endurance FOA S.p.A.) during the year, both companies 100% owned by the Parent Company Endurance Overseas S.r.l.. This transaction, which was formalised by a merger deed dated 14th December, 2018 by Notary Agostini in Milan (rep. 81480 and rec. 15780), was valid for legal purposes from 1st January, 2019 and backdated for accounting and tax purposes to 1st April, 2018. This transaction had no accounting effects at consolidated level, but was carried out with a view to further rationalising and integrating the Group's production processes. The aim will be to make vertical movement along the component supply chain of reference more efficient.

Other key events:

Marketing efforts by the Group during the year made it possible to acquire significant new orders from various customers, FCA Group and VW Group in particular. The new contracts for traditional and hybrid transmission and engine applications will start production in 2019 and 2020, adding around Euro 47 million per year in terms of turnover when fully up to speed. To be assessed in a particularly positive way - in terms of strengthening the partnership - is VW's assignment of a further increase in capacity (the third one) for the 1.5L petrol upper cylinder head, which represents the main product of the company and the group for the level of turnover achieved and commitment in terms of complexity and resources.

During the period, investments in tangible fixed assets, also considering the change in advances and construction in progress and assets acquired int the operation related to Endurane Castings S.p.A., amounted to Euro 33 million, largely for the VW upper cylinder heads. Funding activities involved the arrangement of medium-term loans totalling Euro 18 million, while repayments amounted to Euro 19 million (to which must be added the repayments and redemptions under lease contracts for another Euro 6 million).

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Group belongs to the ENDURANCE Group (India) through the parent company Endurance Overseas S.r.l., and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October, 2016.

These management control and coordination activities did not have any particular impact on the Group's activities and results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities which might require an indication of the reasons and interests affecting them.

FINANCIAL POSITION

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	FY 2019	%	FY 2018	%	Change	Change %
WORKING CAPITAL	**117,867,517**	**53.53 %**	**116,147,283**	**57.54 %**	**1,720,234**	**1.48 %**
Immediate liquidity	**64,422,667**	**29.26 %**	**51,082,816**	**25.31 %**	**13,339,851**	**26.11 %**
Cash and cash equivalents	64,422,667	29.26 %	51,082,816	25.31 %	13,339,851	26.11 %
Deferred liquidity	**27,545,346**	**12.51 %**	**38,015,116**	**18.83 %**	**(10,469,770)**	**(27.54) %**
Current receivables included in working capital	26,784,237	12.16 %	32,760,186	16.23 %	(5,975,949)	(18.24) %
Current portion of non-current receivables	18,756	0.01 %	4,500,000	2.23 %	(4,481,244)	(99.58) %
Prepaid expenses and accrued income	742,353	0.34 %	754,930	0.37 %	(12,577)	(1.67) %
Inventories	**25,899,504**	**11.76 %**	**27,049,351**	**13.40 %**	**(1,149,847)**	**(4.25) %**
FIXED ASSETS	102,333,258	46.47 %	85,699,543	42.46 %	16,633,715	19.41 %
Intangible assets	2,613,166	1.19%	4,977,917	2.47%	(2,364,751)	-47.50%
Tangible fixed assets	94,583,836	42.95%	78,170,416	38.73%	16,413,420	21.00%
Financial fixed assets	5,319	0.00%	1,480	0.00%	3,839	259.39%
Non-current portion of receivables included in working capital	5,130,935	2.33%	2,549,730	1.26%	2,581,205	101.23%
CAPITAL EMPLOYED	**220,200,776**	**100.00%**	**201,846,826**	**100.00%**	**18,353,950**	**9.09%**

With reference to the asset structure of the Company, we note in particular:

- as regards current assets, the increase in cash and cash equivalents, reflecting the positive trend in financial flows recorded by the Company, net of investments, as well as the performance of other working capital items, which recorded a decrease in trade receivables (linked to the change in the mix of the Company's customer portfolio), the current portion of long-term receivables (having disposed of the investments of surplus cash made the previous year) and of inventory (due to new stock management efficiency policies);

- with reference to non-current assets, in particular there was an increase in tangible assets, linked to the significant investments made during the year (Euro 33.4 million, to expand production capacity for newly acquired contracts, especially from VW, and for the assets of Endurance Castings S.p.A.), only partially offset by depreciation of Euro 19.8 million, and the reduction in intangible assets (essentially amortisation for the period).

Balance Sheet - Liabilities and Equity

Item	FY 2019	%	FY 2018	%	Change	% change
CURRENT LIABILITIES	**108,318,563**	**49.19%**	**106,905,946**	**52.96%**	**1,412,617**	**1.32%**
Current payables	106,567,203	48.40%	105,659,012	52.35%	908,191	0.86%
Accrued expenses and deferred income - current	1,751,360	0.80%	1,246,934	0.62%	504,426	40.45%
NON-CURRENT LIABILITIES	54,127,043	24.58%	48,648,497	24.10%	5,478,546	11.26%
Non-current payables	**41,026,954**	**18.63%**	**43,040,432**	**21.32%**	**(2,013,478)**	**-4.68%**
Provisions for risks and charges	10,036,810	4.56%	2,659,774	1.32%	7,377,036	277.36%
Employee termination indemnity	2,414,313	1.10%	2,018,485	1.00%	395,828	19.61%
Prepaid expenses and accrued income (non-current)	648,966	0.29%	929,806	0.46%	(280,840)	-30.20%
QUOTAHOLDERS' EQUITY	**57,755,170**	**26.23%**	**46,292,383**	**22.93%**	**11,462,787**	**24.76%**
Quotaholders' equity attributable to the Group	57,755,170	26.23%	46,292,383	22.93%	11,462,787	24.76%
Quota capital	16,105,263	7.31%	16,105,263	7.98%	-	0.00%
Reserves	6,373,769	2.89%	6,364,892	3.15%	8,877	0.14%
Retained earnings (accumulated losses)	23,832,749	10.82%	13,739,987	6.81%	10,092,762	73.46%
Net income (loss) for the year	11,443,389	5.20%	10,082,241	4.99%	1,361,148	13.50%
Quotaholders' equity attributable to minority interest	-	-	-	-	-	-
FINANCING SOURCES	**220,200,776**	**100.00%**	**201,846,826**	**100.00%**	**18,353,950**	**9.09%**

With reference to the company's equity and liability structure, we would point out in particular that:

- as regards the capital attributable to the minority interest, the increase in non-current liabilities (linked to renewal of the debt by taking out new loans for a total of Euro 18.0 million, net of the repayments contractually envisaged for the outstanding liabilities of Euro 25 million, including the repayments and redemptions under lease contracts) and provisions for risks and charges (for the first-time consolidation of Endurance Castings S.p.A. and the accruals made during the year for Euro 3.9 million to hedge outstanding risks, mainly trade-related);

- as regards the capital attributable to the quotaholders, equity has increased by a total of Euro 11.5 million thanks to the positive result for the period.

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
Fixed asset coverage	52.89%	56.77%	-6.82%
Amounts payable to banks to working capital	52.70%	45.03%	17.04%
Debt ratio	3.81	4.36	-12.56%
Financial debt ratio	2.81	3.36	-16.30%
Equity to capital employed	26.23%	22.93%	14.36%
Financial charges to turnover	0.41%	0.55%	-25.97%
Current ratio	29.46%	33.03%	-10.79%
Primary coverage ratio	0.56	0.54	4.48%
Secondary coverage ratio	1.09	1.11	-1.31%
Net working capital	(16,350,547)	(17,808,014)	-8.18%
Acid test margin	9,548,957	9,241,337	3.33%
Acid test ratio	59.48%	27.54%	115.99%

Consolidated statement of cash flow

RATIO	FY 2019	FY 2018	% Change	% Change
Cash and cash equivalents at beginning of period	51,082,816	26,311,694	24,771,122	94.14%
a. Cash flows from operating activities	46,011,913	35,756,887	10,255,026	28.68%
b. Cash flows from investing activities	(20,947,907)	(20,276,865)	(671,042)	3.31%
c. Cash flows from financing activities	(7,173,206)	9,291,100	(16,464,306)	-177.21%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	17,890,800	24,771,122	(6,880,322)	-27.78%
d. Cash flow for acquisition of subsidiaries	(8,182,200)	-	-	-
e. Net cash and cash equivalents acquired	3,631,251	-	-	-
(Acquisition of subsidiaries, net of cash and cash equivalents) (d ± e)	(4,550,949)	-	(4,550,949)	-
Cash and cash equivalents at the end of the period (a ± b ± c ± d ± e)	64,422,667	51,082,816	13,339,851	26.11%

With reference to the trend in cash flows for the period, in addition to the increase linked to the merger - equal to Euro 4.6 million, indicated separately - the Group has recorded positive cash flows during the year, brought about by the combined effect of the following factors:

- a positive trend in the core business, which generated positive net cash flows of Euro 46.0 million, to which the change in working capital for about Euro 8.9 million also contributed, among other things;
- cash flow for investments made during the period (a net outlay of Euro 20.9 million), mainly investments in tangible assets to increase production capacity for projects currently in progress and those newly acquired;
- cash flow from financing activities, negative for Euro 7.2 million, related to the overall reduction in Group debt, due to new disbursements for contracts signed for Euro 18.0 million during the year, more than offset by repayments (totalling Euro 25.2 million), for a combination of the amounts contractually agreed upon at maturity and early redemption of certain finance lease contracts (for Euro 4.5 million).

RESULTS

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2018-2019	%	FY 2017-2018	%	Change	% change
VALUE OF PRODUCTION	**217,754,511**	**100.00%**	**215,085,029**	**100.00%**	**2,669,482**	**1.24%**
- Consumption of raw materials	103,993,741	47.76%	108,895,590	50.63%	(4,901,849)	-4.50%
- General expenses	29,976,523	13.77%	33,271,472	15.47%	(3,294,949)	-9.90%
VALUE-ADDED	**83,784,247**	**38.48%**	**72,917,967**	**33.90%**	**10,866,280**	**14.90%**
- Payroll costs	37,087,533	17.03%	34,907,641	16.23%	2,179,892	6.24%
- Provisions	3,850,000	1.77%	300,000	0.14%	3,550,000	1183.33%
GROSS OPERATING MARGIN	**42,846,714**	**19.68%**	**37,710,326**	**17.53%**	**5,136,388**	**13.62%**
- Depreciation, amortisation and writedowns	22,439,258	10.30%	18,580,719	8.64%	3,858,539	20.77%
- Other operating expenses	2,396,425	1.10%	1,850,883	0.86%	545,542	29.47%
INCOME BEFORE FINANCIAL ITEMS	**18,011,031**	**8.27%**	**17,278,724**	**8.03%**	**732,307**	**4.24%**
+ Financial items	(770,731)	-0.35%	(1,051,349)	-0.49%	280,618	-26.69%
+ Adjustments to financial assets	(23,277)	-0.01%	(85,094)	-0.04%	61,817	-72.65%
INCOME BEFORE TAX	**17,217,023**	**7.91%**	**16,142,281**	**7.51%**	**1,074,742**	**6.66%**
- Taxation	5,773,634	2.65%	6,060,040	2.82%	(286,406)	-4.73%
NET INCOME	**11,443,389**	**5.26%**	**10,082,241**	**4.69%**	**1,361,148**	**13.50%**
EBITDA	**40,450,289**	**18.58%**	**35,859,443**	**16.67%**	**4,590,846**	**12.80%**

As mentioned previously, 2018-19 recorded a slight increase in total revenues (1.2%), also because of the change in the scope of consolidation: the positive contribution recorded in the 4th quarter by Endurance Castings S.p.A. was also partially offset by the negative change in inventories of semi-finished and finished products (of Euro 4.7 million compared with the previous year). As regards the Company's main customers, during the year there was a significant reduction (of more than 20%) in sales to the FCA group and, with a more limited impact in absolute terms, to the GM group (also more than 20%); these were offset by the growth towards German customers, i.e. BMW, Daimler Mercedes and Volkswagen, especially to the last, which posted an increase of over Euro 25 million compared with the previous year (representing 23% of consolidated turnover in 2018-19).

As for the cost structure, we would point out in particular a more than proportional reduction in the consumption of raw materials (reduced by around 5%) and general expenses (down by 10% compared with the previous year). This is mainly due to the change in the production mix in consideration of the sales trend, as well as the policy to insource certain production activities previously sourced from third party suppliers. Then there has been the optimisation of the production and procurement processes as a result of the merger, which has helped to make the Group's processes more efficient.

These benefits were partially offset by the increase in the following items:

- personnel (increase of Euro 2.2 million), mainly due to the change in the scope of consolidation, which increased the Group's workforce by more than 80 people;

- provisions (Euro 3.9 million), which include charges relating to the coverage of business risks, in particular, potential changes in commercial conditions, which in the absence of a definitive quantification, have been posted to this item (in previous years, charges of a similar nature, if already quantifiable, were posted to general expenses, further contributing to their reduction);

- depreciation and amortisation (Euro 3.8 million), which were impacted by the significant investments made during the year and by the revision of the useful life of certain assets used solely in the production of certain parts. This revision was carried out because of the changed expectations and sales forecasts of these products, based on new scenarios of customer orders.

The performance described led to a growing profitability for the year under review: consolidated EBITDA (Euro 40.5 million at 31st March, 2019) recorded an increase of Euro 4.6 million compared with the previous year, +12.8%, coming in at 18.6% of production value (compared with 16.7% the previous year).

Income taxes (current and deferred) have decreased by about Euro 0.3 million compared with the previous year, contributing to a positive net result of Euro 11.4 million, equal to 5.3% of the value of production (+13.5% on the previous year).

Key performance indicators

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
R.O.E.	19.81%	21.78%	(9.03%)
R.O.I.	32.67%	27.74%	17.78%
R.O.S.	8.13%	8.07%	0.78%
R.O.A.	8.18%	8.56%	(4.45%)

INFORMATION REQUIRED BY ART. 2428 OF THE CIVIL CODE

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties that the Group is exposed to

As required by the first paragraph of Art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Group is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Group's results are influenced by trends in the domestic and international economies. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE GROUP OPERATES: the metal alloys and metal parts machining sector, as well as the plastic moulding sector, in which Group companies operate, are characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Endurance Group has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Group's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Group (continuing the activities carried out during the year) will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the future prospects of Group companies.

FINANCIAL RISKS: the Group is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risk, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Group constantly monitors its exposure to financial risks, in order to evaluate in advance any potential adverse effects and take appropriate action to mitigate them.

Credit risks

Given the nature of the industrial activities carried out by the operating companies - production of metal and plastic components for engines and gearboxes for car makers, by managing the entire production chain, especially for metal components – the receivables of the Group are structurally concentrated since its customers comprise a limited number of industrial groups. The integration of the activities of the individual companies within the Endurance group results in a better degree of diversification, as the intercompany supply of products results in reaching a wide range of third-party end customers.

The Group monitors constantly the level of outstanding receivables and adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Group's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Group seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and investment requirements could adversely impact the Group's results and financial position.

Management believes that the funds currently available, the keeping of suitable contacts for access to credit, as well as the funds generated from operating activities, will allow the Group to meet the needs deriving from investing activities, working capital management and the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Group is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Group utilises financial resources obtained mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. The Group can also factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and factoring and therefore affect the level of the Group's financial charges.

To tackle these risks, the Group strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with the opportunities available under current market conditions.

With this aim, the Group has appropriately structured its financing, mainly at floating rates, with repayment due in the medium/long term at favourable conditions (with the objective of optimising current conditions and mitigating the high volatility of interest rates).

Lastly, where considered appropriate, the Group makes use of rate derivatives (interest rate swaps and caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Group for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, we can confirm that, due to the specific activities performed and for a better understanding of the Company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

In the context of specific policies adopted, the Endurance Group strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year ended 31st March, 2019 on the control and maintenance of appropriate environmental protection standards, in accordance with BS OHSAS 18001:2007 for our environmental management system, in addition to the preparatory activities prior to the transition to the new ISO 14001:2015 standards.

Employee training sessions covered the following topics, in compliance with the State-Regions agreement of December 2011:

- General and job-specific topics in relation to safety,
- Training and refresher courses for the emergency and first-aid team,
- Training and refresher courses for worker safety representatives (and training for all newly-hired employees);
- Training for workers using fork-lift trucks, for protective practices for personnel who operate machines that emit radio waves, handling spills of dangerous substances and PES-PAV training for workers operating on electrical installations switched on or switched off;
- Training in waste management and use of the SO.GE.R software;
- Specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work;
- Updates in relation to the application of the most recent ISO 45000 standard;
- Course for Integrated Internal Auditor ISO 14001:2015 & ISO 45001:2018.

In terms of general and specific training on safety and the environment, a total of 1,879 hours were dedicated during the year (divided into 674 hours at the Lombardore plant, 927 hours at the Chivasso facilities and 278 hours at the Grugliasco plant).

Work on installations included the following principal actions:

- *Lombardore (Turin) plant:*
  - Installation of fall-prevention life lines on the roofs of buildings.
  - Installation of skylights on the roof of the 6.2 workshop to improve its microclimate.
  - Improvement of horizontal and vertical signs in the production departments and external areas.
- *Grugliasco (Turin) plant:*
  - Improvement of access to the water tank of the cooling circuit.
  - Rationalisation of the heating system of the technical offices/canteen.
  - Introduction of a new type of clothing for personnel involved in the management of melting furnaces with characteristics of higher protection against contact heat and resistance to splashes of molten aluminium.
- *Chivasso (Turin) plants:*
  - Installation of skylights on the roof of the foundry to improve its microclimate.
  - Improvement of pedestrian crossing in foundry 2 departments.
  - Introduction of a new type of clothing for personnel involved in the management of melting furnaces with characteristics of higher protection against contact heat and resistance to splashes of molten aluminium.
- *Turin plants:*
  - improvement of the visibility of internal and external transit routes (with provision for wall-mounted parabolic mirrors at blind intersections) and
  - redevelopment of the lighting system in departments with the installation of LED lighting fixtures;
- *Bione (Brescia) plant:*
  - replacement of panic bars on exits;
  - completion of installation of fire extinguishers in the electrical substations and diesel tank;
  - completion of the alarm system;
  - continuation of rotational replacement of lighting with LED bulbs;
  - updating of accident prevention equipment (escape route indications and collection points, first-aid boxes, emission recognition signs);
  - development of software for the maintenance of fire-

fighting equipment;

- electric-tube sensor installed on the sandblaster vacuum cleaner;

In addition, on fire-safety matters, the emergency plan was updated and evacuation drills were carried out in all factories, covering every shift.

Lastly, in relation to the monitoring of the risk and impact assessment system, the Risk Assessment Document and the Environmental Impact Register were updated with the identification and analysis of risks and opportunities (focusing in particular on environmental emergency management or safety of workers according to appropriate procedures in order to identify and define the actions needed to prevent future accidents).

Information on personnel management

The Group's workforce averaged 588 employees during 2018/2019, compared with 490 in the previous year, as analysed below:

Employees	2018/19	2017/18
Managers	14	15
White collar	131	101
Blue collar	443	374
Total	**588**	**490**

At 31st March, 2019 the overall workforce of the Group amounted to 575 employees.

The main training activities during 2018-2019 focused on Manufacturing, Engineering and Quality, with a view to upgrading general and specific skills also in relation to the variables linked to the continuous improvement of production and corporate processes. Particular attention and targeted interventions have been envisaged for the certification of skills in relation to "Customer Specific Requirements", as a necessary requirement for companies in the sector in which the Group operates.

In particular, training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

<u>Production-related training:</u>

Development of skills, start-up of new processing lines, management of systems, specific training carried out together with the suppliers of engineering installations and automation lines, and in particular:

- Operational management of the automation and mechanical processing lines with external and on-the-job training to develop the specific skills of the specialised and operational staff and to train up people in new dedicated roles;
- Self-maintenance of the processing plants and approaches to the management of the tools used in Lean Manufacturing, with particular attention to the 5S method;
- On-the-job activities related to the improvement of production processes and verification of compliance of processed products;
- Development and greater analysis of specific issues in the field of "Problem Solving" with a view to autonomous management of production problems and continuous improvement;
- Start of a training course on die casting processes for future production managers and foundry technicians (key processes that include technical production requirements within the context of management and regulatory requirements);
- Greater analysis of specific Technical Design topics;
- Greater analysis of specific injection moulding issues;
- Waste management.

<u>Engineering/quality training:</u>

- Internal quality: improvement in internal management processes of the conformity variables of processed products, of the various control methods and of the quality system documentation through on-the-job training;
- Skills certification: External training related to the certification of skills and approaches provided by German customers and in particular:
  - VDA 2;
  - Formel Q Compact Training;
  - VDA 6.3 Process Auditor Certification;
- Skills certification: External training related to the certification of skills related to process evaluation methods (CQI);
- Planning of training for the development of technical and managerial skills, particularly:
  - Negotiation;
  - Technical Drawing;
  - Logic and structure, set-up, conduction and MU processing;
  - Teamworking;
  - Program Management.

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Company's staff in a total of around 14,400 hours with training activities carried out internally and externally (as well as on the job).

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, though no R&D costs were capitalised.

With reference to the activities relating to the "Future Manufacturing Endurance" project, a strategic initiative of the Endurance Group that began in 2015-16 and was completed towards the end of 2017-18 period, during 2018-19 the Ministry of Economic Development carried out its checks to validate the final expenses and allow first level approval of the project.

This initiative was developed with the aim of responding to the most recent trends in the automotive sector, which tended towards orders featuring high volumes and increasing demands in terms of price competitiveness, technical features and product complexity, quality standards tending to zero defect targets and developed through the study, design, experimentation and development (also with the contribution of Turin Polytechnic and Padua University) of a new pilot production line, whose procedural solutions are currently implemented in the field of mass production. The main objectives achieved with the project concerned the development of a complex process for the use on mass production of advanced solutions able to operate at very high performance levels with optimised cycles and times, using high precision machinery, automation of the handling and feeding of machining centres with the development of software applications and mechanical systems for the overall management of line movement, automated quality control, re-working, monitoring and its reconfigurability. Analytical methods were also implemented in order to predict the conformity of components by developing correlations between process simulations and their behaviour under test conditions. A number of additional objectives are also being validated at increasing rates of production: energy saving, reduction in production noise and the more efficient recoverable of consumables.

It should be noted that in relation to the activities carried out, in previous years, costs had been capitalised for a total of Euro 2,677 thousand with their amortisation commencing on 1st October, 2016 on accrual of the first revenues linked to implementation of the pilot line and for the next 5 years (the net carrying amount of these assets, classified as development costs, amounts to Euro 1,338 thousand).

As mentioned previously, during the year under review, the process of checking that innovation targets had been reached and that costs were eligible was completed in accordance with the decree granting the contribution from the Ministry of Economic Development as part of a technological research support programme. These activities, carried out with the technical involvement of representatives of the National Research Council (CNR), were completed successfully and currently the approval process is subject to the Ministry issuing a new Concession Decree. This is a formal step linked to the merger that involved Endurance Fondalmec S.p.A. (the beneficiary of the ministerial provision) as the merged company.

With reference to the other main special project that involved the Group during the year (industrial research project and experimental development for the industrialisation of innovative products in aluminium alloy (ICARO Project), as part of the Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1 - Call for tenders "IR2" Industrialisation of Research Results, which the Company takes part in as Project Manager of a partnership of 3 companies, it should be noted that the stages of completion of the research and development activities envisaged by the project have been registered and the costs incurred have been reported, followed by the recognition and disbursement of the related shares of grants or co-financing by the bodies concerned (Finpiemonte and Piedmont Region) for a total of Euro 242 thousand by 31st March, 2019.

Note that, among the objectives of the project, which concern verification of the application of innovative procedural and production solutions to die-casting technology and related mechanical processing, there is also the establishment and implementation of a die-cast R&D centre - at the service of the mechanical engineering supply chain, in particular - which will be set up at the Endurance Group's facilities in Chivasso. In the context of the project and in relation to the objectives of the call for tenders, we recruited five people under advanced training contracts to be involved in the project. After completing the period of training, two of them were hired by the Group companies on a permanent basis.

In addition to the main projects described above, the various corporate departments have also progressed other product and process development activities, which have pursued the following main directions:

- Re-organisation of the technical offices (also in view of the merger and increased interconnection between the design and technical aspects of die casting and machining);
- Continuation of the plan for the training and inclusion of new resources, particularly for process engineering (as part of the ICARO project) and the budgeting structure;
- Start of cost/benefit surveys for innovative technical solutions applied to machining and cleaning after processing;
- Standardisation of the preparation of technical review

documentation (related to process simulations supporting product improvement and the mechanical characteristics of raw and/or heat-treated castings)

- Completion of the benchmark activity on new dimensional control techniques (laser scan, structured light);
- Completion of the preliminary study for the development of production technologies for the marking of raw foundry parts;
- Start of cost/benefit analyses related to the introduction of innovative technical solutions for the use of mould steels (DAC Magic) and lubricants.

With reference to the die-casting sector, the following main design and process activities are reported:

- Completion of sampling and subsequent regulation of the production of 10 different product families for domestic and foreign customers.
- Design, production of basic lots and sampling for various new products.

In the field of mechanical processing, with reference to the main design activities in the process and product area, we note:

- Adjustment of the mechanical processing line for capacity increase at Lagherhamen (Thyssen - VW) to use a single raw stock;
- Installation and adjustment of the second line dedicated to the machining of the VW-ZSB Zylinderkopfhaube EA211 EVO cylinder head cover, with advanced features to prepare for handling the ACT Plus version;
- Completion of the development of the VW ACT Plus cylinder head cover, with processing and assembly on line 2 (already installed) and line 3 (installation planned for 2019-20) dedicated to VW;
- Completion of the development, industrialization and related installation/adjustment of production capacity for eight product families;
- Continuation and start of the industrialization of eight new product families;
- To support the acquisition of new products with the preparation of estimates and detailed Technical Reviews.

Lastly, it should be noted that, as part of the technological integration underway in the Endurance Group worldwide, with the aim of reinforcing the collaboration of the Group's technical structures, a cross fertilisation project was launched during the year to encourage dialogue and exchange of information on their respective technical experiences.

Pursuant to and for the purposes of paragraph 1) of the third paragraph of art. 2428 of the Italian Civil Code, we certify that with reference to the research and development activities applied to the product and to the production process, costs totalling Euro 2.6 million were recorded during the year, of which Euro 1.4 million relating to costs of the personnel involved; with reference to the other expense items subject to reporting (for the period to 31st December, 2018) in the context of co-financed projects (mainly for the purchase of equipment, depreciation of dedicated plant and machinery, specific consulting costs) amounted to approximately Euro 1.0 million, to which will be added (in subsequent reports) the costs for other activities carried out after 1st January, 2019 and up to 31st March, 2019, for an amount of approximately Euro 0.2 million.

With regard to the various R&D activities mentioned here, the Group has benefited from the tax credit envisaged by the Decree of 27th May, 2015, issued by the Minister of the Economy and Finance together with the Minister of Economic Development, as per article 3 of Decree-Law 145 of 23rd December, 2013 (the so-called "Destination Italy Decree"), as amended by article 1, paragraph 35 of Law 190 of 23rd December, 2014 (the "2015 Stability Law"). During the year, the Group recorded proceeds of this kind for Euro 706 thousand.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis C.C., the information on related-party transactions is provided below.

Transactions were carried out with related parties during the year; these transactions are concluded at market conditions, especially those related to services provided to other subsidiaries (in particular Endurance Amann GmbH), as detailed below:

Receivables from affiliates classified as current assets

Description	FY 2019	FY 2018	Change
to companies under common control	1,217,556	1,217,323	233
Total	**1,217,556**	**1,217,323**	**233**

Receivables from companies under common control (equal to Euro 1,218 thousand at 31st March, 2019, substantially the same as the previous year) refer to trade receivables from the German subsidiary Endurance Amman GmbH (company held by Endurance Technologies Limited, parent company of the Group) and refer to the sale of goods and services, based on transactions carried out at market conditions (services mainly refer to the support and coordination activities carried out by the Parent Company on behalf of the subsidiary as part of the organisational structure of the Endurance Group's

European operations).

Payables due to and loans from affiliates

Description	FY 2019	FY 2018	Change
payables due to companies under common control	7,531,313	6,557,672	973,641
Total	**7,531,313**	**6,557,672**	**973,641**

Payables to companies under common control (Euro 7,531 thousand at 31st March, 2019) refer to relations with the foreign subsidiary Endurance Amann GmbH and refer, for Euro 4,505 thousand, to the cash pooling system, for Euro 3,000 thousand to a loan made to the Group by the local subsidiary and for Euro 27 thousand to commercial relationships.

Business outlook

The economic forecasts issued by the various international organisations indicate a progressive deterioration in the growth prospects of the main economies. According to experts at the World Bank, world economic growth in 2019 will drop to 2.9%.

US growth is expected to slip from 2.9% to 2.5%, whereas the figure for China is likely to come in at 6.2%, versus 6.5% in 2018. The Euro zone is expected to post an increase of +1.6%, down from +1.9%. The forecasts made at the beginning of the year were then continuously downgraded as trade and geopolitical tensions rose and world trade fell.

The automotive industry had a difficult start to the year (-3.3% in the Euro area in January-March), while the preliminary figures for April are contrasting, with a moderate recovery in Italy (+1.5 % in the month compared with the previous year, after an awful first quarter) and in France (+0.4%), whereas Germany is still negative (-1%), as is the UK (-4.1%). Similar situations are also visible on the US and Chinese market with registrations in profound decline and little hope in the short term that expectations will turn towards more stable market conditions.

It is difficult to quantify how much of these reductions can be attributed to temporary phenomena - i.e. problems connected to the new WLTP procedures or the postponement of purchases by consumers waiting for greater certainty about the changes currently taking place, especially in regulatory issues - or rather to the cyclical nature of the automotive sector, conditioned by the uncertain macroeconomic trend.

In this regard, in February, 2019, ACEA (European Automobile Manufacturers Association) issued forecasts for new registrations in 2019, which see a flat market with growth of less than 1%.

The future prospects are therefore characterised by a high level of uncertainty. It is also difficult to foresee what impact there might be on the subsidiaries' activities of the multiple unknowns in the macroeconomic scenario, both nationally and internationally, and in the automotive sector in particular. These include: the effects of the new vehicle consumption test methodology (WLTP), current commercial tensions (in particular between the US and China, but possibly extending to the European automotive sector), the development of pure electric vehicles, the epilogue of what is by now the consolidated decline in sales of diesel vehicles and the evolution of the ever-current themes of aggregation and consolidation of carmakers and the supply chain.

Expectations are therefore for a year of transition with new investment opportunities, being aware of increased competition from national and foreign competitors, also evaluating types of production not currently addressed by the company.

The Group's activity must then focus on improving and streamlining the management of company processes, including optimisation during the integration of the newly-acquired Endurance Castings S.p.A.

Considering the order book acquired and the Group's solid financial situation, we believe that the challenges posed by external conditions can be handled effectively, continuing to expect to achieve positive results in any case.

The use of financial instruments material to the measurement of the results and financial position

Pursuant and consequent to paragraph 3.6-bis of Art. 2428 of the Civil Code, we can confirm that the Group has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging IRS and CAP contracts in relation to some of these loans. The fair value of these hedging instruments is discussed in the explanatory notes.

Lombardore, 10th May, 2019
For the Board of Directors
Chief Executive Officer
Massimo Venuti

General information on the company

Company data

Name:	ENDURANCE OVERSEAS SRL
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Quota capital:	16,105,263.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	05754620960
Tax code:	05754620960
REA Number:	1101893
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	642000
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE TECHNOLOGIES LIMITED
Country of the parent company:	INDIA
Cooperatives register number:	

Consolidated financial statements

for the year ended 31st March, 2019

CONSOLIDATED BALANCE SHEET

	31st March, 2019	31st March, 2018
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	-	477
2) development costs	1,338,354	1,873,695
3) industrial patent rights and intellectual property rights	140,998	161,286
4) Concessions, licenses, trademarks and similar rights	-	-
5) goodwill	1,054,858	2,836,709
6) assets in process of formation and advance payments	-	-
7) other	78,956	105,750
Total intangible assets	2,613,166	4,977,917
II - Tangible fixed assets	-	-
1) land and buildings	30,315,715	23,542,721
2) plant and machinery	53,664,704	46,083,474
3) industrial and commercial equipment	1,834,222	2,246,453
4) other assets	507,861	486,923
5) assets under construction and advance payments	8,261,334	5,810,845
Total tangible fixed assets	94,583,836	78,170,416
III - Financial fixed assets		
1) equity investments in	-	-
a) controlled companies	-	-
b) associated companies	-	-
c) parent/controlling companies	-	-
d) companies under common control	-	-
d-bis) other companies	5,319	789
Total equity investments	5,319	789
2) receivables		
a) from controlled companies	-	-
b) from associated companies	-	-
c) from parent/controlling companies	-	-
d) from companies under common control	-	-
d-bis) from others	18,756	4,500,000
due within one year	18,756	4,500,000
Total receivables	18,756	4,500,000
3) other securities	-	-
4) derivative financial instruments	-	691
Total financial fixed assets	24,075	4,501,480
Total fixed assets (B)	**97,221,077**	**87,649,813**
C) Current assets		
I – Inventories		
1) raw materials, ancillary materials and consumables	7,439,370	7,224,490
2) work in process and semi-finished products	10,188,036	8,350,945
3) contract work in progress	-	-
4) finished products and goods	8,248,505	10,358,646
5) advances	23,593	1,115,270
Total inventories	25,899,504	27,049,351

	31st March, 2019	31st March, 2018
II – Receivables		
1) from customers	23,022,027	25,895,532
due within one year	23,022,027	25,895,532
2) from controlled companies	-	-
3) from associated companies	-	-
4) from parent/controlling companies	-	-
5) from companies under common control	1,217,556	1,217,323
due within one year	1,217,556	1,217,323
5-bis) tax receivables	1,978,446	5,198,204
due within one year	1,978,446	5,198,204
5-ter) deferred tax assets	5,090,387	2,508,922
5-quater) due from others	606,759	489,935
due within one year	566,211	449,127
due beyond one year	40,548	40,808
Total receivables	31,915,175	35,309,916
III - Current financial assets		
Total current financial assets	-	-
IV - Cash and cash equivalents		
1) bank and postal deposits	64,416,765	51,079,273
2) cheques	-	-
3) cash on hand	5,902	3,543
Total cash and cash equivalents	64,422,667	51,082,816
Total current assets (C)	**122,237,346**	**113,442,083**
D) Prepaid expenses and accrued income	**742,353**	**754,930**
Total assets	220,200,776	201,846,826
Liabilities and equity		
A) Equity	**57,755,170**	**46,292,383**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
III - Revaluation reserves	-	-
IV - Legal reserve	485,638	309,977
V - Statutory reserves	-	-
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	2,681,395	2,681,395
Paid in to cover losses	2,882,602	2,882,602
Consolidation reserve	19,397	-
Other reserves	-	186,181
Total other reserves	5,583,394	5,750,178
VII - Cash flow hedge reserve	-	-
VIII - Retained earnings (accumulated losses)	23,832,749	13,739,987
IX - Net income (loss) for the year	11,443,389	10,082,241
Total equity attributable to the Group	57,755,170	46,292,383
Total consolidated equity	57,755,170	46,292,383
Total equity	57,755,170	46,292,383
B) Provision for risks and charges	**-**	**-**
1) provisions for pensions and similar obligations	-	-
2) for current and deferred taxation	1,957,401	2,125,735
3) derivative financial instruments	106,767	84,181
4) Other	7,972,642	449,858
Total provisions for risks and charges	10,036,810	2,659,774
C) Employee termination indemnities	**2,414,313**	**2,018,485**

	31st March, 2019	31st March, 2018
D) Payables		
1) bonds	-	-
2) convertible bonds	-	-
3) due to shareholders for loans	-	-
4) due to banks	56,546,693	57,732,708
due within one year	19,262,091	18,144,145
due beyond one year	37,284,602	39,588,563
5) Due to other lenders	5,248,009	9,348,654
due within one year	1,561,907	5,896,785
due beyond one year	3,686,102	3,451,869
6) advances	185,500	-
due within one year	185,500	-
7) trade payables	63,522,921	58,036,461
due within one year	63,522,921	58,036,461
8) credit notes-represented payables	-	-
9) due to controlled companies	-	-
10) due to associated companies	-	-
11) due to parent/controlling companies	-	-
11-bis) due to fellow subsidiaries	7,531,313	6,557,672
due within one year	7,531,313	6,557,672
12) taxation payable	1,373,093	816,406
due within one year	1,373,093	816,406
13) due to pension and social security institutions	2,372,796	1,702,684
due within one year	2,372,796	1,702,684
14) other payables	10,813,832	14,504,859
due within one year	10,757,582	14,504,859
due beyond one year	56,250	-
Total payables	147,594,157	148,699,444
E) Accrued expenses and deferred income	**2,400,326**	**2,176,740**
Total liabilities and quotaholders' equity	220,200,776	201,846,826

CONSOLIDATED INCOME STATEMENT

	31st March, 2019	31st March, 2018
A) Value of production		
1) revenues from sales of goods and services	216,160,583	208,809,736
2) change in inventories of work in progress, semi-finished and finished products	(3,778,765)	907,637
3) change in contract work in progress	-	-
4) increases in non-current assets from in-house production	80,304	304,507
5) other income and revenues		
grants	989,865	744,133
other	4,302,524	4,319,016
Total other income and revenues	5,292,389	5,063,149
Total value of production	217,754,511	215,085,029
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	103,067,022	110,855,952
7) services	28,061,200	31,689,483
8) lease and rental charges	1,915,323	1,581,989
9) payroll	-	-
a) wages and salaries	28,748,384	27,880,843
b) social contributions	6,793,801	5,625,086
c) termination indemnities	1,229,500	1,191,413
d) pensions and similar commitments	-	-
e) other costs	315,848	210,299
Total payroll costs	37,087,533	34,907,641
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	2,547,385	2,829,757
b) depreciation of tangible fixed assets	19,755,351	15,662,987
c) writedowns of tangible and intangible fixed assets	-	-
d) writedowns of current receivables and liquid funds	136,522	87,975
Total depreciation, amortisation and writedowns	22,439,258	18,580,719
11) change in inventory of raw and ancillary materials, consumables and goods	926,719	(1,960,362)
12) provisions for risks and charges	3,850,000	300,000
13) other provisions	-	-
14) other operating expenses	2,396,425	1,850,883
Total cost of production	199,743,480	197,806,305
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**18,011,031**	**17,278,724**
C) Financial income and charges		
15) financial income from investments	-	-
16) other financial income		
a) from financial non-current assets	-	-
other	3,844	22,938
b) from other non current securities	-	-
c) from other current securities	-	-
d) income other than the above	-	-
other	115,475	31,278
Total income other than the above	115,475	31,278
Total other financial income	119,319	54,216
17) interest and other financial charges	-	-
to companies under common control	20,449	20,100
to other	858,041	1,126,182
Total interest and other financial charges	878,490	1,146,282

	31st March, 2019	31st March, 2018
17-bis) exchange gains and losses	(11,560)	40,717
Total financial income and charges (15+16-17+-17-bis)	(770,731)	(1,051,349)
D) Adjustments to financial assets and liabilities		**337,656**
18) revaluations		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of financial derivatives	-	7
e) of financial assets for centralized cash management (cash pooling)	-	-
Total revaluations	-	7
19) writedowns		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of derivative financial instruments	23,277	85,101
e) of financial assets for centralized cash management (cash pooling)	-	-
Total writedowns	23,277	85,101
Total adjustments to financial assets and liabilities (18-19)	(23,277)	(85,094)
Result before taxes (A-B+-C+-D)	**17,217,023**	**16,142,281**
20) Income taxes for the year, current and deferred		
current taxation	7,564,988	6,461,819
deferred taxation	(1,791,354)	(401,779)
Total income taxes for the year, current and deferred	5,773,634	6,060,040
21) Net income (loss) for the year	**11,443,389**	**10,082,241**
Net income (loss) attributable to the Group	**11,443,389**	**10,082,241**

CONSOLIDATED STATEMENT OF CASH FLOW (INDIRECT METHOD)

	Amount at 31st March, 2019	Amount at 31st March, 2018
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	11,443,389	10,082,241
Taxation	5,773,634	6,060,040
Interest expense/(interest income)	770,731	1,051,349
(Gains)/losses from disposal of assets	13	(21,392)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	17,987,767	17,172,238
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	5,079,500	1,491,413
Depreciation and amortisation of fixed assets	22,302,736	18,492,744
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	23,277	85,094
Other adjustments up or (down) for non-cash items	136,522	87,975
Total adjustments for non-cash items that had no counterpart in net working capital	27,542,035	20,157,226
2) Cash flow before changes in net working capital	45,529,802	37,329,464
Change in net working capital		
Decrease/(Increase) in inventory	5,797,161	(3,953,974)
Decrease/(Increase) in trade receivables	7,886,175	6,457,262
Increase/(Decrease) in trade payables	(2,501,946)	5,460,333
Decrease/(Increase) in prepaid expenses and accrued income	31,662	117,894
Increase/(Decrease) in accrued expenses and deferred income	(658,912)	(983,633)
Other decreases/(Other Increases) in net working capital	(1,629,115)	1,844,711
Total changes in net working capital	8,925,025	8,942,593
3) Cash flow after changes in net working capital	54,454,827	46,272,057
Other adjustments		
Interest collected/(paid)	(770,731)	(1,051,349)
(Income taxes paid)	(6,274,514)	(8,004,098)
(Use of provisions)	(1,397,669)	(1,459,723)
Total other adjustments	(8,442,914)	(10,515,170)
Cash flow from operating activities (A)	**46,011,913**	**35,756,887**
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(28,237,041)	(17,146,243)
Disposals	2,827,675	1,563,315
Intangible assets		
(Investments)	(39,232)	(201,815)
Financial fixed assets		
(Investments)	-	(4,492,122)
Disposals	4,500,691	-
(Acquisition of subsidiaries, net of cash and cash equivalents)	(4,550,949)	-
Cash flow from investing activities (B)	**(25,498,856)**	**(20,276,865)**
C) Cash flows from financing activities		
Third-party funds		
Increase/(Decrease) in current bank loans	43,982	(4,458,453)
New loans	17,950,000	32,800,665
(Repayment of loans)	(25,167,188)	(19,051,112)
Cash flow from financing activities (C)	**(7,173,206)**	**9,291,100**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**13,339,851**	**24,771,122**

	Amount at 31st March, 2019	Amount at 31st March, 2018
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	51,079,273	26,306,075
Cash on hand	3,543	5,619
Total cash and cash equivalents at the beginning of the year	**51,082,816**	**26,311,694**
Cash and cash equivalents at the end of the year		
Bank and postal deposits	64,416,765	51,079,273
Cash on hand	5,902	3,543
Total cash and cash equivalents at the end of the year	**64,422,667**	**51,082,816**

INFORMATION ON THE STATEMENT OF CASH FLOWS

The consolidated statement of cash flows of the Endurance Group (Endurance Overseas S.r.l. and its subsidiaries) for the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The item "Acquisition of subsidiaries, net of cash and cash equivalents" in the section on cash flows deriving from financing activities includes the cash outlay (Euro 8,182 thousand) for the acquisition of 100% of Endurance Castings S.p.A., net of the cash and cash equivalents (Euro 3,631 thousand) acquired as part of the same transaction (equal to the cash and current account balances on 7th January, 2019, the date of acquisition of control of Endurance Castings S.p.A.).

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)

Tax Code and

Turin Companies Register No. 05754620960

Turin Chamber of Commerce No. 1101893

Quota capital: € 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED – India

Explanatory notes

Consolidated financial statements for the year ended 31st March, 2019

INTRODUCTION TO THE EXPLANATORY NOTES

To the Quotaholders,

These explanatory notes form an integral part of the consolidated financial statements for the year ended 31st March, 2019.

The consolidated financial statements of Endurance Overseas S.r.l. (the "Company" or "Parent Company"), which include the Company and its subsidiaries Endurance S.p.A., Endurance Engineering S.r.l. and Endurance Castings S.p.A. (collectively, the "Group") consist of the balance sheet, the income statement and the statement of cash flows (prepared in conformity with the requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The consolidated financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board), including those introduced in December, 2016, supplemented by amendments published on 29th December, 2017, and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

In particular, the financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned. In the preparation of the consolidated financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The Group's results and financial position at 31st March, 2019 give a true and fair view in compliance with the provisions of Legislative Decree 127/91 (as supplemented by the provisions of Legislative Decree 139/2015); where necessary, supplementary disclosures are provided as required by the 3rd paragraph of art. 29 of this decree.

The explanatory notes set out, in addition to the basis of consolidation, the accounting policies applied in the preparation of the consolidated financial statements, in compliance with relevant civil law. They also list the companies included in and excluded from the consolidation and present a reconciliation of the equity of the Parent Company reported in its separate financial statements with the equity reported in the consolidated financial statements.

Furthermore, the consolidated financial statements are accompanied by a Directors' report on the Group's position and the results of its operations.

Information on the composition of the Group

The Group is comprised as follows at 31st March, 2019:

Investee - Name	Held by - Name	Role	Nature of Parent Company control	% of direct control / % of voting rights	% consolidated
Endurance Overseas SRL	-	Parent Company	-	-	-
Endurance SPA	Endurance Overseas SRL	Subsidiary	Direct	100.00	100.00
Endurance Engineering SRL	Endurance Overseas SRL	Subsidiary	Direct	100.00	100.00
Endurance Castings SPA	Endurance Overseas SRL	Subsidiary	Direct	100.00	100.00

All businesses belonging to the Group at the consolidated balance sheet date have been included in the scope of consolidation and the information required by art. 39 of Legislative Decree 127/91 is set out below:

Investee - Name	Head office	Capital
Businesses consolidated on a line-by-line basis:	-	-
Endurance SPA	Via Regione Pozzo 26 Chivasso (Turin)	5,000,000
Endurance Engineering SRL	Strada Del Cascinotto 135/A Turin	100,000
Endurance Castings SPA	Conca D'oro 14 - 14/A Bione (Brescia)	900,000

Compared with the previous year, the scope of consolidation has changed due to the inclusion of Endurance Castings S.p.A. (formerly Fondpresmetal GAP S.p.A.), following the acquisition of a 100% interest on 7th January, 2019; the operations of Endurance Castings S.p.A. are included in the consolidated financial statements for the period 1st January, 2019 - 31st March, 2019 (given that the results for the period from 1st January, 2019 to 7th January, 2019 were immaterial, also considering the production stop during the Christmas holidays).

It should also be noted that Endurance Fondalmec SpA was absorbed by Endurance SpA (formerly Endurance FOA SpA) during the year, both 100% owned by the Parent Company Endurance Overseas srl. This transaction, without effect on the consolidated financial statements and formalised by a merger deed dated 14th December, 2018 by Notary Agostini in Milan (rep. 81480 and rec. 15780), was valid for legal purposes from January, 2019 and backdated for accounting and tax purposes to 1st April, 2018.

BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation of the consolidated financial statements

It is hereby confirmed that, for the purposes of providing a true and fair presentation of the results and financial position, there were no exceptions to the provisions of Legislative Decree 127/91 (as supplemented by Legislative Decree 139/2015).

The consolidated financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

In preparing the consolidated financial statements, we made use of the Group companies' financial statements for the year ended 31st March, 2019, as prepared by the Boards of Directors and that will be approved by their respective annual general meetings. The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account of consolidated companies, from which they have been directly prepared.

The financial statements used for the consolidated financial statements have been prepared in accordance with uniform accounting policies, being those applied by the Parent Company for its financial statements.

The consolidated financial statements have been prepared in euro, as have the detailed tables presented in these explanatory notes (unless specified otherwise). The comments on items state the consolidated amounts in thousands of Euro (unless specified otherwise).

Basis of consolidation

Equity investments in subsidiaries have been consolidated on a line-by-line basis.

In the preparation of the consolidated financial statements, all the receivables and payables due from/to businesses included in the consolidation have been eliminated, as well as income and expenses arising from intercompany transactions and gains and losses on intercompany asset transactions.

In particular, it should be noted that the positive difference arising on elimination of the investment held in Endurance S.p.A. and the corresponding share of equity represents an asset amounting to Euro 133 thousand at 31st March, 2019, which has been allocated to "Goodwill" in the balance sheet and amortised on a straight-line basis over 10 years.

On first-time consolidation of Endurance Castings S.p.A., a comparison between the carrying amount of the investment and the corresponding share of equity at current values gave rise to a negative difference of Euro 19 thousand, which has been recorded in consolidated equity under "consolidation reserve".

ACCOUNTING POLICIES

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22nd December, 2016, inclusive of the amendments published on 29th December, 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Boards of Statutory Auditors of the consolidated companies, where present and when required by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied starting from the month following the acquisition of the asset as indicated below, in order to allocate the cost over the useful life of the assets:

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Development costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Goodwill – portion recorded in the financial statements of Endurance S.p.A.	5 years on a straight-line basis
Goodwill – portion recorded in the financial statements of Endurance Engineering s.r.l.	5 years on a straight-line basis
Goodwill – portion that arose on consolidation (*)	10 years on a straight line basis
Other intangible assets (leasehold improvements)	5 years on a straight-line basis

(*) on the consolidation of Endurance S.p.A.

It should be noted that no writedowns of these assets were needed in accordance with paragraph 1.3 of Art. 2426 of the Civil Code.

Any start up and expansion costs are recorded with the consent of the Board of Statutory Auditors. In the event of a distribution of dividends, enough distributable reserves are maintained to cover the unamortised portion of these costs.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Goodwill includes the amounts paid for this purpose on the acquisition of companies or other corporate transactions, as well as the differences arising on first-time consolidation between the value of the investments in consolidated companies and the carrying amount of their net assets and is amortised over its useful life.

In order to determine the useful life of the various components of this item, the Group applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of the various components of goodwill turn out to exceed 10 years, specific analyses are carried out to support the value determined on the basis of the longer useful life, as required by OIC 24.70. If this estimate cannot be made, goodwill is amortised over 10 years.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Group.

Intangible assets are subject to verification of their recoverable amounts in the event of any indication of possible impairment. In the event of any impairment loss existing at the year end, this is reflected in the financial statements by means of a writedown of the asset and a revision of its remaining expected useful life. The lower carrying amount, should the reasons for the writedown cease to exist, may be written back to the carrying amount that the asset would have had if it had not been subjected to writedown.

Pursuant and consequent to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset becomes available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Buildings	3% - 5%
Temporary constructions	10%
General plant	7.5% - 10%
Automatic machines	15.5% - 17.5%
Sundry and minor equipment	25%
Foundry equipment	40%
Mechanical equipment	40%
Furniture and furnishings	12%

Tangible fixed asset items	Depreciation rate
Electronic office machines	20%
Motor cars	25%
Transport vehicles	20%
Internal transport vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Finance leases are accounted for in accordance with IAS 17.

Impairment (tangible and intangible fixed assets)

At each reporting date, the Group determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Group estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Group has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Financial fixed assets

The equity investments and debt securities classified as financial fixed assets will be held by the Group over the long term.

Equity investments are measured at cost, as adjusted for any impairment. The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Group be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Group is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the stage of completion of the production process, being the cost of production.
- Finished products: manufacturing cost
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables in the form of RiBa's (bank collection notices) that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31st March, 2019.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27th December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1st January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees pursuant to article 2120 of the Civil Code, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the annual general meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Income taxes

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the quotaholder.

It should be noted that the domestic tax group contract of the Endurance Group pursuant to arts. 117/129 of the Consolidated Income Tax Code (TUIR) is still valid, having begun in 2015 (and with current validity renewed until the end of March, 2020). Its members include the Parent Company, as the consolidating company, and the subsidiaries Endurance SpA and Endurance Engineering Srl, whereas the newly acquired subsidiary Endurance Castings SpA is not included.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

CONSOLIDATED EXPLANATORY NOTES – CONSOLIDATED ASSETS

The following tables detail significant changes in the assets reported in the balance sheet.

Intangible assets

After having charged amortisation for the year of Euro 2,547 thousand, the balance of intangible assets is Euro 2,613 thousand.

The following table analyses intangible assets and the changes during 2018/2019:

CONSOLIDATED	Start-up and expansion costs	Development costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Balance at the beginning of the year							
Cost	55,218	2,676,708	654,226	23,702,093	3,118,393	-	30,206,638
Accumulated amortisation	54,741	803,013	492,940	20,319,428	3,012,643	-	24,682,765
Writedowns	-	-	-	545,956	-	-	545,956
Carrying amount	**477**	**1,873,695**	**161,286**	**2,836,709**	**105,750**	**-**	**4,977,917**
Changes during the year							
Additions	-	-	38,149	-	1,084	-	39,233
Amortisation for the year	477	535,341	59,037	1,781,851	170,679	-	2,547,385
Other changes	-	-	600	-	142,801	-	143,401
Total changes	(477)	(535,341)	(20,288)	(1,781,851)	(26,794)	-	(2,364,751)
Carrying amount at the end of the year							
Cost	71,235	2,676,708	1,116,795	24,029,093	3,415,391	-	31,309,222
Accumulated amortisation	71,235	1,338,354	975,797	22,362,879	3,336,435	-	28,084,700
Writedowns	-	-	-	611,356	-	-	611,356
Carrying amount	**-**	**1,338,354**	**140,998**	**1,054,858**	**78,956**	**-**	**2,613,166**

"Other changes" during the year refer to the difference in the scope of consolidation that arose on the inclusion of the newly acquired company Endurance Castings S.p.A., with effect from 1st January, 2019, as well as to the effects on the classification of leasehold improvements following the early redemption of certain leased assets, as indicated below for tangible fixed assets.

Development costs include the costs capitalised by the Company in relation to an R&D project that carried out between September 2015 and mid 2017. The purpose of this project was to obtain knowledge and innovations deemed essential in the current operational and market conditions, by preparing a pilot production line, the solution of which have been applied in the current production process.

Amortisation of the capitalised costs was commenced in 2016-17, when the project began to generate revenues. Even if the costs incurred subsequently relate to the completion and refinement of the innovative solutions being tested and therefore fall within the scope of research and development costs, they have been charged to the income statement (with the exception of certain costs relating to the completion of activities commissioned to the universities involved in the project, whose costs have been capitalised on the basis of a useful life consistent with the residual life of the overall project, namely 5 years).

Goodwill at 31st March, 2019 includes:

- the difference (Euro 922 thousand) arising on first-time consolidation of the equity investment in Haminoea S.r.l. (in turn the parent company of Endurance FOA S.p.A.), subsequently absorbed by the Parent Company Endurance Overseas S.r.l. On consolidation, the merger deficit recorded in the financial statements of the Parent Company was eliminated as part of the process of determining the net carrying amount of the consolidation difference.

- the consolidation difference (Euro 133 thousand), net of amortisation, arising on first-time consolidation and any subsequent changes in the equity interest, with the elimination of the investment in Endurance S.p.A.;

The useful life of the goodwill recorded by Endurance S.p.A. and Endurance Engineering S.r.l. (whose amortisation process was completed in the current year) has been reduced from 10 years to 5 years (commencing from 2013 and 2014/2015 respectively, when the above amounts were recognised for the first time). This is consistent with the way that the factors of production are used and takes account of an acceleration in the life cycle of the technologies applied by the businesses concerned.

As a result, the Group changed the amortisation rate applied (from 10% to 20%) and adjusted the total net carrying amount of goodwill at 31st March, 2016, by recording a provision totalling Euro 546 thousand. These changes have not affected the tax deductibility of the amounts concerned, which remains unchanged (over 18 years, in accordance with the Consolidated Income Tax Law - TUIR).

The recoverability of the goodwill, which is amortised on the basis indicated above, is checked annually using the Discounted Cash Flows ("DCF") method. Group management has prepared economic-financial five-year forecasts for the individual companies, which indicate positive results over that period. Accordingly, the resulting assessment confirmed that that fair value of the Group's assets exceeds their corresponding carrying amounts.

Other intangible assets mainly include leasehold improvements (to rented buildings, in particular).

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Tangible fixed assets

Tangible fixed assets, net of accumulated depreciation of Euro 19,755 thousand, total Euro 94,584 thousand compared with Euro 78,170 thousand in the prior year.

Land and buildings include the value of land and buildings relating to the Group's production sites, located in Lombardore, Chivasso and Grugliasco, including the structures used by Group companies under current finance lease contracts (for a net amount of Euro 2.8 million at 31st March, 2019).

It should be noted in particular that during the year two property lease contracts in the name of the Parent Company and Endurance S.p.A. were repaid early with a cash outflow of Euro 4,529 thousand.

Plant and machinery and commercial and industrial equipment include all of the assets used by Group companies in the production of components made of non-ferrous metals (mainly aluminium) and plastic: these are infrastructures used in pressure die casting (melting furnaces, die casting islands), as well as robotised lines and islands used for machining both metal and plastic parts. This item also includes plant and machinery used under finance lease contracts entered into by Group companies (for a total of Euro 3.4 million).

"Assets under construction and advance payments" comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle. The amount recorded during the year relates to the advances paid to primary suppliers of production systems and preparation of mechanical processing lines with a view to further expansion of production capacity (installation of a third automated machining line) to support the industrial plans of the Company and of the Endurance Group, mainly with reference to the increase in production by our German customers (the VW Group in particular).

The following table analyses tangible fixed assets and the changes during the year:

CONSOLIDATED	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	31,344,351	109,786,508	17,244,411	2,204,266	5,810,845	166,390,381
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	7,801,630	64,077,446	14,997,958	1,724,543	-	88,601,577
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	**23,542,721**	**46,083,474**	**2,246,453**	**486,923**	**5,810,845**	**78,170,416**
Changes during the year						
Additions	1,173,200	17,575,284	1,340,579	171,427	7,975,827	28,236,317
Depreciation for the year	1,252,636	16,879,086	1,429,821	193,808	-	19,755,351
Reclassifications (of the carrying amount)	71,309	5,517,667	23,036	-	(5,751,493)	(139,481)
Disposals (carrying amount)	2,826	2,460,008	347,825	15,677	1,352	2,827,688
Other changes	6,783,947	3,827,373	1,800	58,996	227,507	10,899,623
Writedowns	-	-	-	-	-	-
Total changes	6,772,994	7,581,230	(412,231)	20,938	2,450,489	16,413,420
Carrying amount at the end of the year						
Cost	45,411,202	141,561,832	18,326,656	3,301,002	8,261,334	216,862,026
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	15,095,487	87,795,793	16,492,434	2,800,269	-	122,183,983
Writedowns	-	539,747	-	72	-	539,819
Carrying amount	**30,315,715**	**53,664,704**	**1,834,222**	**507,861**	**8,261,334**	**94,583,836**

"Other changes" during the year (for a total net value of Euro 10,652 thousand) refer to the different scope of consolidation following the inclusion of the newly acquired company Endurance Castings S.p.A., with effect from 1 January 2019. The net effect of "Reclassifications" includes the impact on leasehold improvements of early redemption of certain leased assets, as mentioned above.

Additions in plant and machinery during the year (for a total of Euro 17,575 thousand) related to the installation and modernisation of die casting and machining islands (machines, automation equipment and control devices) mainly to complete preparation of the second high-tech production line for Volkswagen (Zylinderkophaube project), as well as to increase the capacity of the various key products for major customers (especially FCA and GM – Cam Cover) to implement up-to-date technology, also in relation to the development guidelines of the automation and interconnection of production systems in the context of the Industry 4.0 framework.

As far as industrial and commercial equipment is concerned, increases (Euro 1,341 thousand) refer to the purchase of equipment for the projects described above and for other production lines, as well as to replace and expand the mechanical processing islands used for existing products.

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets. It should also be noted that, given the signs of acceleration of the phase-out of certain parts reflected in the most recent estimates by customers, the Group has reviewed the useful life of certain assets (in particular, plant and machinery specifically dedicated to the production of the parts in question), reducing their residual useful life in line with the estimates based on the latest information that we have available.

Revaluations of tangible fixed assets

Pursuant to Art. 10 of Law No. 72 of 19th March, 1983 and subsequent laws on revaluations of assets, it should be noted that certain assets (owned by Endurance S.p.A.) still included in the balance sheet have been revalued, the effect of which is shown below:

Law	Category	Amount
Law No. 342/2000	Industrial and commercial equipment	106,463
Law No. 266/2005	Specific machinery and furnaces	438,412
Law No. 266/2005	Transport vehicles	7,200

These revaluations have been made by increasing specific equity reserves, which cannot be distributed until such reserves have been reintegrated or reduced accordingly by resolution of an Extraordinary General Meeting (art. 6 of Law 72/83 and subsequent revaluation laws).

Financial fixed assets

This item is summarised in the following table:

Details	Amount at 31st March, 2018	Additions / Increases	Writedowns / Decreases	Amount at 31st March, 2019
1. Equity investments (d-bis) in other companies	789	4,530	-	5,319
2. Receivables (d-bis) from others	4,500,000	18,756	(4,500,000)	18,756
4. Derivative financial instruments	691	-	691	-
Total	**4,501,480**	**23,286**	**(4,499,309)**	**24,075**

Equity investments refer to:

- the investment in CET S.c.r.l., a consortium that supplies electricity and natural gas (acquired together with the Grana line of business), Euro 505;
- shares held on Confartigianato Fidi Piemonte and Nord Ovest S.C.p.A. (Euro 155);
- shares held in Unionfidi Piemonte S.C. (Euro 129);
- shares held in Banca di credito Valsabbia (Euro 2,442);
- shares held in Brescia Export (Euro 1,300);
- shares held in Eurofidi at Banca Intesa (Euro 250);
- share in the Conai consortium (Euro 22) with the remainder in other equity investments.

The Group also owns an investment in CONSAF (training consortium), Euro 258, that is fully written down at the reporting date.

Acquisitions refer to the change in the scope of consolidation for the acquisition of Endurance Castings S.p.A.

Non-current financial receivables at 31st March, 2019 include guarantee deposits paid for various reasons by Endurance Castings S.p.A.. The decrease in this item relates to the collection of financial bills bought during the previous year as a temporary investment of surplus cash. In compliance with OIC 32, the derivative financial instruments include the positive fair value of certain derivatives arranged by the Group to hedge the risk of fluctuations in the interest rates charged on long-term loans (interest rate swaps and interest rate caps, in particular) whose fair value was negative at 31st March, 2019. See the paragraph below on provisions for risks and charges for information on the accounting treatment of these items.

Inventories

Set out below are details of inventory at 31st March, 2019, together with prior year end comparatives:

Description	31st March, 2019	31st March, 2018	Change	Change %
Raw materials, ancillary materials and consumables	7,439,370	7,224,490	214,880	3%
Work in process and semi-finished products	10,188,036	8,350,945	1,837,091	22%
Finished products and goods	8,248,505	10,358,646	(2,110,141)	(20%)
Advances	23,593	1,115,270	(1,091,677)	(98%)
Total	**25,899,504**	**27,049,351**	**(1,149,847)**	**(4%)**

The inventories held at 31st March, 2019 are stated net of an allowance totalling Euro 2,552 thousand, which was increased by Euro 110 thousand during the year to take account of obsolete and slow-moving items. These mainly relate to products that are being phased out because of the production curve of models affected by the latest emissions regulations.

Without the change in the scope of consolidation (which had a net increasing impact on inventories of Euro 4,647 thousand), inventories actually went down during the year. This was due to the policies introduced to improve the efficiency of working capital as part of the optimisation of production processes, as well as to the procurement policies implemented by the Group.

Inventories at 31st March, 2019 includes items totalling Euro 214 thousand (Euro 643 thousand at 31st March, 2018) that are held for storage by third parties.

Receivables

Set out below are details of receivables at 31st March, 2019, with comparative prior year end amounts:

Description	31st March, 2019 due within one year	31st March, 2018 due beyond one year	31st March, 2019 Total	31st March, 2018	Change	Change %
Trade receivables	23,022,027	-	23,022,027	25,895,532	(2,873,505)	(11%)
Receivables due from companies under common control	1,217,556	-	1,217,556	1,217,323	233	0%
Tax receivables	1,978,446	-	1,978,446	5,198,204	(3,219,758)	(62%)
Deferred tax assets	5,090,387	-	5,090,387	2,508,922	2,581,465	103%
Other receivables	566,211	40,548	606,759	489,935	116,824	24%
Total	**31,874,627**	**40,548**	**31,915,175**	**35,309,916**	**(3,394,741)**	**(10%)**

The nominal amount of trade receivables has been adjusted to reflect their expected realisable value by the allowance for doubtful accounts of Euro 709 thousand, which was increased by Euro 137 thousand during the period.

The reduction in receivables from customers, despite the growth in volumes, is related to a change in the structure of the product/customer portfolio, which was particularly accentuated in the latter part of the year, leading to an overall reduction in the collection times of trade receivables.

The amount receivable from companies under common control (Euro 1,217 at 31st March, 2019, more or less the same as the previous year) consists of the trade receivables due from the German company Endurance Amman GmbH (owned by Endurance Technologies Limited, or "ETL", parent company of the Group).

Tax receivables (Euro 1,978 thousand at 31st March, 2019, down by Euro 3,220 thousand compared with 31st March, 2018) mainly include VAT recoverable for a total of Euro 1,874 thousand, IRAP advances of Euro 51 thousand that were paid during the year but exceed the estimated tax liability and, for the rest, other miscellaneous tax credits. During the year, the Group submitted a request for a partial reimbursement of its VAT credit, subsequently eliminating it from the financial statements on the completion of a non-recourse sale of the receivable to a leading credit institution.

Deferred tax assets (Euro 5,090 thousand at 31st March, 2019, up by Euro 2,581 thousand on the previous year) derive from the deductible temporary differences between the reported and tax value of goodwill recorded in the financial statements of Group companies, equipment (depending on the depreciation rates applied) and provisions subject to deferred deductibility. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts. The increase during the year is attributable to higher provisions for future risks and charges of a commercial nature, as well as to the different time horizon used for calculating depreciation on fixed assets compared with those allowed for tax purposes.

Cash and cash equivalents

Set out below are details of the item at 31st March, 2019 together with comparative prior year end amounts:

Description	31st March, 2019	31st March, 2018	Change	Change %
Bank and postal deposits	64,416,765	51,079,273	13,337,492	26%
Cash on hand	5,902	3,543	2,359	67%
Total	**64,422,667**	**51,082,816**	**13,339,851**	**26%**

This item principally comprises the balance on bank current accounts at 31st March, 2019. The increase during the year reflects collections in the second part of the year of some of the loans taken out by the Group (as detailed below), and, above all, to the positive trend in cash flows, as well as prudent treasury management designed to maintain a high level of liquidity, benefiting from the favourable borrowing conditions on financial markets that are faced with considerable uncertainty about the future of interest rates and the continuation of expansionary monetary policies.

Reference is to be made to the statement of consolidated cash flows for more complete details of the operating and financial cash flows that have funded the Group's investment activities.

Prepaid expenses and accrued income

Prepaid expenses and accrued income total Euro 742 thousand at 31st March, 2019 (compared with Euro 755 thousand the previous year) and mainly relate to prepaid insurance, INAIL premiums, maintenance charges and other costs pertaining to subsequent years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

EXPLANATORY NOTES – CONSOLIDATED LIABILITIES AND EQUITY

The most significant changes in liabilities and equity are analysed in the following schedules.

Equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

The following tables covering the past two years present the changes in equity and details of the other reserves reported in the balance sheet.

The changes in quotaholder's equity during the prior year are analysed below:

Description	Balance at 1st April, 2017	Allocation of the prior year result	Dividends distributed	Other changes	Result for the year	Balance at 31st March, 2018
Capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Legal reserve	299,300	10,677	-	-	-	309,977
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	-	-	2,882,602
Other reserves	186,181	-	-	-	-	186,181
Retained earnings (accumulated losses)	5,719,720	8,020,269	-	(2)	-	13,739,987
Net income (loss) for the year	8,030,946	(8,030,946)	-	-	10,082,241	10,082,241
Total equity attributable to the Group	**36,210,144**	**-**	**-**	**(2)**	**10,082,241**	**46,292,383**
Equity attributable to minority interest	**-**	**-**	**-**	**-**	**-**	**-**
Total equity	**36,210,144**	**-**	**-**	**(2)**	**10,082,241**	**46,292,383**

The changes in quotaholder's equity during the year ended 31st March, 2019 are analysed in the following table:

Description	Balance at 1st April, 2017	Allocation of the prior year result	Dividends distributed	Other changes	Result for the year	Balance at 31st March, 2018
Capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Legal reserve	309,977	175,661	-	-	-	485,638
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	-	-	2,882,602
Consolidation reserve		-	-	19,397	-	19,397
Other reserves	186,181	-	-	(186,181)	-	-
Retained earnings (accumulated losses)	13,739,987	9,906,580	-	186,182	-	23,832,749
Net income (loss) for the year	10,082,241	(10,082,241)	-	-	11,443,389	11,443,389
Total equity attributable to the Group	**46,292,383**	**-**	**-**	**19,398**	**11,443,389**	**57,755,170**
Equity attributable to minority interest	**-**	**-**	**-**	**-**	**-**	**-**
Total equity	**46,292,383**	**-**	**-**	**19,398**	**11,443,389**	**57,755,170**

Note that following the first-time consolidation of Endurance Castings S.p.A., in relation to the elimination of the equity investment held by the Parent Company (Euro 8,182 thousand) and the value of the company's equity expressed at current values (Euro 8,202 thousand, including the allocation of higher values to assets and liabilities expressed at current values, in particular to the company's assets, as well as the identification of provisions for unfavourable economic effects as a result of certain risks of a commercial nature, net of deferred taxes, for a net value of Euro 40 thousand, causing a reduction in equity), there is a negative difference of Euro 19 thousand, recorded in Group equity as "consolidation reserve" in accordance with OIC 17.58.

The following table gives a reconciliation between parent company's equity and result and the Group's equity and result:

Description	Equity - current year	Result - current year	Equity – prior year	Result - prior year
Equity and results reported in the financial statements of the Parent Company	**32,965,665**	**4,660,230**	**28,305,436**	**3,513,221**
Contribution from consolidated companies	66,965,205	13,383,309	51,889,977	11,972,272
Elimination of carrying value of equity investments	(44,236,558)	-	(36,054,358)	-
Consolidation adjustments:				
Recognition of difference on consolidation	979,530	(1,418,079)	2,397,610	(1,418,079)
Distribution of dividends	-	(5,000,000)	-	(4,000,000)
Effect of accounting for leases under IAS 17	452,418	(267,351)	46,253	(349,352)
Elimination of intercompany profits	(53,329)	(41,753)	(847,739)	66,746
Accounting for intercompany leasehold improvements	682,240	127,032	555,208	297,433
Other minor adjustments	(1)	1	(3)	-
TOTAL	24,789,505	6,783,159	17,986,947	6,569,020
Equity and net income (loss) attributable to the Group	**57,755,170**	**11,443,389**	**46,292,383**	**10,082,241**
Equity and net income (loss) attributable to minority interest	**-**	**-**	**-**	**-**
Equity and result as reported in the consolidated financial statements	**57,755,170**	**11,443,389**	**46,292,383**	**10,082,241**

Provisions for risks and charges

The changes during the year are analysed in the following table:

Description	31st March, 2018	Change in the consolidation area	Increase	Decrease	31st March, 2019	Change	Change %
Provision for pensions and similar commitments	-	51,840	-	(51,840)	-	-	-
Provision for current and deferred taxation	2,125,735	-	204,195	(372,529)	1,957,401	(168,334)	-8%
Derivative financial instruments	84,181	-	22,586	-	106,767	22,586	27%
Other provisions for risks and charges	449,858	3,700,814	3,850,000	(28,030)	7,972,642	7,522,784	1672%
Total	**2,659,774**	**3,752,654**	**4,076,781**	**(452,399)**	**10,036,810**	**7,377,036**	**277%**

The Provisions for risks and charges at 31st March, 2019 comprise:

- Deferred tax liabilities (Euro 1,957 thousand at 31st March, 2019, down by Euro 168 thousand compared with the previous year): this caption was principally recorded, in accordance with Italian GAAP, on the allocation of the consolidation deficit to various assets (Group property, in particular) by reference to financial statements prepared on a fair value basis. This resulted in the recognition of deferred tax liabilities totalling Euro 2,535 thousand in prior years. The additional value identified on consolidation is not relevant for tax purposes; accordingly, this provision is being used to neutralise the additional taxes recorded in the current and future years, due to the non-deductibility of the depreciation charged on the higher asset values. The change during the year principally relates to the reversal linked to the depreciation of these revalued assets, as well as to the tax effect of other significant consolidation entries (in particular, the recognition of leases using finance lease methodology);

- Derivative financial instruments (Euro 107 thousand at 31st March, 2019, compared with Euro 84 thousand the previous year): in accordance with OIC 32, this item includes the negative fair value of certain derivatives arranged by the Group to hedge the risk of fluctuations in the interest rates charged on long-term loans (interest rate swaps and interest rate caps). Although the above contracts qualify as hedges (being correlated with the related loan conditions), the Group elected not to recognise them as cash flow hedges and to recognise the changes in the fair value of the instruments through the income statement (total charges of Euro 23 thousand during the year ended 31st March, 2019);

- Other provisions for risks and charges (Euro 7,972 thousand at 31st March, 2019, up compared with Euro 450 thousand the previous year): this item comprises the residual balance of provisions recorded in prior years and the current year provisions to cover liabilities of various kinds (commercial, fiscal, employment etc.), based on the Group's best estimate with reference to the information available.

The increase related to the "Change in scope" refers to the provisions for risks already on the books of Endurance Castings S.p.A. prior to the acquisition, as well as the current value of liabilities (Euro 2,150 thousand) that arose on first-time consolidation of the subsidiary, based on forecasts of the unfavourable impact of certain risks of a commercial nature. With particular reference to such liabilities, Group management has estimated that the provision should be used on a straight-line basis over two years, or in a shorter period if the risk arises earlier than expected.

Provision for employee termination indemnities

The provision is stated net of advances and amounts paid on the termination of employment during the course of the financial year and represents the actual liability due to employees at the balance sheet date.

Description	31st March, 2018	Provision	Utilisations	Other changes	31st March, 2019
Provision for employee termination indemnities	2,018,485	197,620	(116,894)	315,102	2,414,313
Total	**2,018,485**	**197,620**	**(116,894)**	**315,102**	**2,414,313**

This provision is stated net of the amounts paid to supplementary pension funds, if specified by the employees concerned, and includes the amounts that some employees have decided to leave with their specific employer. The amounts retained by the Group, including the historical provisions not transferred to the INPS Treasury Fund, Previndai, Fondo Cometa or other supplementary pension funds, are revalued for the effects of inflation in accordance with legal requirements.

"Other changes" include the employee termination indemnities of Endurance Casting S.p.A. on first-time consolidation.

Payables

Set out below are details of payables at 31st March, 2019, together with prior year end comparatives:

Description	31st March, 2019 due within one year	31st March, 2019 due beyond one year	31st March, 2019 Total	31st March, 2018 Total	Change	Change %
Due to banks	19,262,091	37,284,602	56,546,693	57,732,708	(1,186,015)	(2%)
Due to other lenders	1,561,907	3,686,102	5,248,009	9,348,654	(4,100,645)	(44%)
Advances	185,500	-	185,500	-	185,500	100%
Trade payables	63,522,921	-	63,522,921	58,036,461	5,486,460	9%
Payables due to companies under common control	7,531,313	-	7,531,313	6,557,672	973,641	15%
Tax payables	1,373,093	-	1,373,093	816,406	556,687	68%
Due to pension and social security institutions	2,372,796	-	2,372,796	1,702,684	670,112	39%
Other payables	10,757,582	56,250	10,813,832	14,504,859	(3,691,027)	(25%)
Total	**106,567,203**	**41,026,954**	**147,408,657**	**148,699,444**	**(1,290,787)**	**(1%)**

Amounts due to banks comprise the current portion (Euro 19,262 thousand) and the portion due beyond 12 months (Euro 37,285 thousand) of the liability to banks under medium/long-term loan contracts.

The following contracts were signed for new loans taken out during the year:

- an unsecured loan for a total nominal value of € 10,000,000, taken out in October, 2018 from the Mediocredito Group for repayment over 5 years;

- an unsecured loan for a total nominal value of € 5,000,000, taken out in December, 2018 from the BNL Group for repayment over 5 years;

- an unsecured loan for a total nominal value of € 3,000,000, taken out in February, 2019 from the Cariparma/Credit Agricole Group for repayment over 5 years;

The following is a breakdown of medium-term loans outstanding at 31st March, 2019:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31st March, 2019	Within one year	Beyond one year
Intesa Sanpaolo	3,000,000	11/05/2015 - 4	214,286	214,286	-
UBI (***)	2,000,000	14/07/2016 - 3	337,523	337,523	-
Intesa Sanpaolo (***)	2,890,000	30/01/2018 - 2	1,445,000	1,445,000	-
CREDEM (*)	3,000,000	19/12/2014 - 5	460,769	460,769	-
Unicredit (*)	5,000,000	14/07/2015 - 4	625,000	625,000	-
Cariparma	2,000,000	21/10/2015 - 5	709,410	404,191	305,219
MPS	3,000,000	27/11/2015 - 5	1,050,000	600,000	450,000
Intesa Sanpaolo - Mediocredito (**)	10,000,000	18/12/2015 - 5	3,703,704	2,222,222	1,481,482
BNL (***)	3,500,000	13/07/2016 - 5	1,750,000	700,000	1,050,000
Banca del Mezzogiorno (***)	4,000,000	14/07/2016 - 5	1,837,097	808,852	1,028,245
UBI (***)	3,000,000	27/03/2017 - 5	1,815,707	599,930	1,215,777
Gruppo Banco Popolare (***)	10,000,000	30/11/2017 - 5	7,513,281	1,995,435	5,517,846
Mediocredito (***)	10,000,000	26/10/2018 - 5	9,000,000	2,000,000	7,000,000

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31st March, 2019	Within one year	Beyond one year
Banca Nazionale del Lavoro (***)	5,000,000	07/12/2018 - 5	5,000,000	1,000,000	4,000,000
Cariparma - Credit Agricole (***)	3,000,000	20/02/2019 - 5	3,000,000	588,668	2,411,332
Intesa Sanpaolo - Mediocredito (**)	3,000,000	26/04/2011 - 10	615,385	307,692	307,693
UBI (***)	2,500,000	27/03/2017 - 5	1,513,089	499,942	1,013,147
Unicredit (***)	10,000,000	04/07/2017 - 5	8,750,000	2,500,000	6,250,000
UBI (***)	3,000,000	19/07/2017 - 5	2,012,457	598,442	1,414,015
BNL (***)	5,000,000	27/10/2017 - 5	3,750,000	1,000,000	2,750,000
UBI (***)	2,000,000	29/01/2018 - 5	1,539,958	397,453	1,142,505
Total nominal value	94,890,000		56,642,666	19,305,405	37,337,261
Effect of applying amortised cost			(95,973)	(43,314)	(52,659)
Total	94,890,000		56,546,693	19,262,091	37,284,602

(*) Loans backed by guarantees in favour of Group companies from SACE S.p.A.

(**) Loans backed by mortgages on properties owned by the Group

(***) Financial payables recognised using the amortised cost method

Contracts bear interest at Euribor plus a spread of between 0.6% for more recent contracts and 1.75% for less recent ones, depending on market conditions at the time of signing and the duration of the loan. There are no payables due beyond 5 years at 31st March, 2019.

The amounts due to other lenders include the outstanding liabilities to leasing companies (Euro 5,248 thousand, down by Euro 4,469 thousand on the previous year). Note that the value of amounts due to other lenders increased during the year by Euro 1,885 thousand due to the change in the scope of consolidation following the acquisition of Endurance Castings S.p.A. and repayments totalling Euro 6,354 thousand were made for (a) contractual instalments, (b) on redemption of assets on expiration of the contract, and (c) certain real estate contracts, in advance (as mentioned previously). No new finance lease agreements were signed during the year.

The outstanding liability to other lenders at 31st March, 2019 comprises:

- Euro 1,562 thousand due within 12 months;
- Euro 3,686 thousand due within 5 years; and
- there are no liabilities due beyond 5 years.

Trade payables (Euro 63,523 thousand) increased by Euro 5,486 thousand compared with the previous year in relation to the change in the scope of consolidation (acquisition of balances of Euro 8,338), as well as to the effects of the business trend and the Group's procurement policy; this figure at 31st March, 2019 includes the liability (about Euro 8.7 million) for the investment in fixed assets realized in the last part of the period under review in relation to the new projects for the Group's capacity increase.

Payables to companies under common control (Euro 7,531 thousand at 31st March, 2019) refer to relations with the foreign subsidiary Endurance Amann GmbH and refer, for Euro 4,505 thousand, to the cash pooling system, for Euro 3,000 thousand to a loan made to the Group by the local subsidiary and for Euro 27 thousand to commercial relationships.

Other payables (Euro 10,814 thousand) mainly consist of amounts due to employees (Euro 9,568 thousand) for wages, salaries and payroll accruals.

Debt secured by collateral

Pursuant to art. 2427, para. 1 no. 6 of the Italian Civil Code, we declare that amounts due to banks include the following loans secured by collateral:

1) loan from Intesa Sanpaolo with a residual balance at 31st March, 2019 of Euro 615 thousand, acquired by Endurance Overseas S.r.l. on the absorption of Haminoea S.r.l., that is secured by a mortgage on part of the property at Lombardore owned by the Parent Company;

2) loan from Intesa Sanpaolo with a residual balance at at 31st March, 2019 of Euro 3,704 thousand, arranged in previous years, that is secured by a mortgage on part of the property at Lombardore owned by the Parent Company.

Overall, debt secured by collateral totals Euro 4,319 thousand at 31st March, 2019 (including Euro 2,530 thousand due within one year and Euro 1,789 thousand due between 2 and 5 years).

Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 2,400 thousand at 31st March, 2019 (an increase compared with Euro 2,177 thousand in the prior year) and include, among other things, deferred income relating to the allocation on an accruals basis of commercial proceeds and the share pertaining to subsequent years (for Euro 972 thousand, of which Euro 649 thousand relating to financial years beyond the next) of the proceeds relating to the contributions related to (a) the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years and (b) the Research and Development activities eligible for the tax credit pursuant to art. 1, paragraph 35, of Law 190 of 23rd December, 2014. These proceeds are discounted in relation to the commencement of amortisation of the portion of investments eligible for funding.

Capitalised interest cost

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

EXPLANATORY NOTES - CONSOLIDATED INCOME STATEMENT

Value of production

The value of production during 2018/2019 is analysed below on a comparative basis:

Description	Year 2018/2019	Year 2017/2018	Change	Change %
Revenues from sales of goods and services	216,160,583	208,809,736	7,350,847	4%
Changes in inventories of work in progress, semi-finished and finished products	(3,778,765)	907,637	(4,686,402)	(516%)
Increases in non-current assets from in-house production	80,304	304,507	(224,203)	(74%)
Other revenues	5,292,389	5,063,149	229,240	5%
Total	**217,754,511**	**215,085,029**	**2,669,482**	**1%**

Revenues from sales (including income from the contractual sale to customers of specific production equipment) were 4% higher than in the prior year, confirming the growth in the Group volume of business, despite the uncertainty of the reference market.

This trend was affected by the change in the scope of consolidation (for the inclusion of Endurance Castings S.p.A. in the last quarter of the year), and by the trend in sales relating to the businesses in continuity with the past, which recorded significant growth in the German market, in particular as regards Volkswagen and in a more limited way the customers Daimler and BMW, which offset the decrease recorded, mainly with reference to the national market, with the FCA Group, and, internationally, with the GM group.

With regard to the decrease in inventories, reference should be made to the comments on inventories in the balance sheet.

The increase in non-current assets from in-house production mainly reflects the capitalisation of industrial equipment costs (€ 80,304) carried out with the use of Company's materials and workforce.

Other revenues include income deriving from the recovery of packaging costs from customers, recharges and miscellaneous sales, income pertaining to the Parent Company for services provided under the existing Service Agreement with Endurance Amann GmbH, subject to the control of the parent companies, and for the recharge of costs for seconded personnel towards the German subsidiary itself, as well as the current portion of grants obtained during the year (Euro 990 thousand) for the use of photovoltaic installations and tax credits for investments in plant and machinery ("Tremonti quater") and the R&D costs mentioned above.

The following table provides details of revenues from sales and services by geographical area:

Geographical area	Year 2018/2019	Weight %	Year 2017/2018	Weight %	Change	Change %
ITALY	133,052,410	62%	139,862,995	67%	(6,810,585)	-5%
GERMANY	48,393,653	22%	43,945,607	21%	4,448,046	10%
FRANCE	951,462	0%	845,016	0%	106,446	13%
POLAND	7,614,409	4%	16,565,480	8%	(8,951,071)	-54%
OTHER EU COUNTRIES	24,677,751	11%	5,418,054	3%	19,259,697	355%
NON-EU COUNTRIES	1,470,898	1%	2,172,584	1%	(701,686)	-32%
Total	**216,160,583**	**100%**	**208,809,736**	**100%**	**7,350,847**	**4%**

In relation to the breakdown by category of activity, it should be noted that the revenues from sales and services of the Group refer entirely to income relating to the core business, represented by the supply of powertrain components (parts for engines and transmissions), for suspensions and bodywork for the automotive sector and related activities, and aimed at the OEM (Original Equipment Manufacturer) market, operating mainly as Tier 1 supplier towards the principal European car makers.

Details of cost of production

Set out below are details of the trend in operating costs together with prior year comparatives:

Description	Year 2018/2019	Year 2017/2018	Change	Change %
Raw materials, ancillary materials and goods for resale	103,067,022	110,855,952	(7,788,930)	(7%)
Services	28,061,200	31,689,483	(3,628,283)	(11%)
Lease and rental charges	1,915,323	1,581,989	333,334	21%
Payroll costs				
Wages and salaries	28,748,384	27,880,843	867,541	3%
Social contributions	6,793,801	5,625,086	1,168,715	21%
Employee termination indemnity and pension	1,229,500	1,191,413	38,087	3%
Other payroll costs	315,848	210,299	105,549	50%
Depreciation, amortisation and writedowns				
Amortisation of intangible assets	2,547,385	2,829,757	(282,372)	(10%)
Depreciation of tangible fixed assets	19,755,351	15,662,987	4,092,364	26%
Writedown of receivables included in current assets	136,522	87,975	48,547	55%
Change in inventories of raw materials	926,719	(1,960,362)	2,887,081	(147%)
Provisions for risks	3,850,000	300,000	3,550,000	-
Other operating expenses	2,396,425	1,850,883	545,542	29%
Total	**199,743,480**	**197,806,305**	**1,937,175**	**1%**

Operating costs for the year are overall in line with those of the previous year, recording an increase of 1%, confirming an efficient trend with respect to the trend in Group volumes, if compared with the trend in sales revenues (up 4% overall).

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The items in question, whose incidence on the value of production is lower overall than the comparative figures, show a change in the related weight of the individual items, in consideration of the effects of the merger on the cost structure. This is the case particularly for integration of the supply chain, with reference to the die casting of metal parts (mainly aluminium) and subsequent machining, which have best qualified the Group as a player that is directly active in the entire supply chain of this type of automotive component. In addition, the integration of the newly acquired Endurance Castings S.p.A. contributed to a partial redefinition of the cost structure in relation to the related production process, in consideration of the ongoing process of integration with the Group.

Payroll costs

This item (6% up overall on the prior year) comprise the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements, as well as charges deriving from the management retention plan in favour of corporate management, which depends on the economic-financial results achieved in Europe and the continued employment of the personnel concerned for a minimum pre-determined period. This figure also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7.

The increase recorded in the year was influenced by the optimisation policies of the operating structures of the Group, in line with the market dynamics and in relation to the forecasts of current and future businesses, as well as the integration effect, in the last quarter of the year, of the employees of Endurance Castings (which led to an increase in employees of around 80 people).

The R&D payroll costs, that during the year were entirely recognised in the Group's income statement, totalled about Euro 1,388 thousand.

Lease and rental charges

This item (about Euro 369 thousand higher than in the prior year, substantially due to the impact of the change in the scope of consolidation) principally comprises the rentals charged by third parties for operating facilities used by Group companies, as well as other rental costs.

Depreciation and amortisation

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. There has been an increase (which can also be seen in relation to the impact on the value of production) in the depreciation and amortisation of tangible and intangible assets compared with the previous year (for a total of Euro 3,810 thousand, or 21%). This is a direct effect of the significant investments made during the year and those immediately preceding it in support of the Group's new production initiatives. It is also due to the changes made to the estimated residual useful life of certain fixed assets because of updated information on the timing by which certain specific products are going to be phased out.

Financial income and charges

Financial income and charges recorded in the year ended 31st March, 2019 are analysed on a comparative basis in the following table:

Description	Year 2018/2019	Year 2017/2018	Change	Change %
Financial income	119,319	54,216	65,103	120%
Financial charges	(878,490)	(1,146,282)	267,792	(23%)
Exchange gains and losses	(11,560)	40,717	(52,277)	(128%)
Total	**(770,731)**	**(1,051,349)**	**280,618**	**(27%)**

Financial income comprises the interest earned on current account balances and on outstanding non-current financial receivables.

Financial charges (Euro 878 thousand, down by 23% on the previous year) mainly include the interest incurred on medium-term loans and on short-term financing operations (e.g. advances against invoices and cash flows, factoring and overdraft facilities). The reduction recorded in the year was influenced both by the trend in interest rates for the period, as well as by the reduced use of short-term debt for the management of working capital carried out by Group companies during the year.

Exchange gains and losses (net losses of Euro 12 thousand) reflect the net effect of exchange-rate fluctuations on the realisation of assets and liabilities not denominated in euro (in this specific case, all the transactions were denominated in USD), as well as the effect of aligning foreign currency receivables and payables using the exchange rates applying on the reporting date.

Adjustments to financial assets

The item (which presents a net negative balance of Euro 23 thousand) includes the economic effects of the fair value adjustment of derivative financial instruments used by the Group, carried out in order to align their value to market.

Current and deferred taxation

The Group has accrued for taxation for the year based on the application of tax legislation in force.

The tax charge for the 2018/2019 financial year (Euro 5,773 thousand, down compared with Euro 6,060 thousand in the prior year) comprises:

- current taxes for the period, equal to a net charge of Euro 7,652 thousand (to which income from taxes relating to previous years for Euro 87 thousand should be added), an increase compared with a net charge of Euro 6,384 thousand in the previous year (in addition to Euro 78 thousand relating to charges for taxes of previous years); and
- the change in deferred taxation (net credit of Euro 1,791 thousand, compared with Euro 402 thousand in the prior year), relating to components of recorded income and expense that will be taxable/deductible in future tax years.

The following table shows details of the amounts described:

	Year 2018/2019	Year 2017/2018
Income taxes	5,773,634	6,060,040
Current taxation		
of which: IRES for the year (current)	6,142,283	5,125,901
of which: IRAP for the year (current)	1,509,769	1,258,120
of which: Taxation relating to prior years	(31,653)	77,798
Deferred taxation	(1,846,765)	(401,779)

Deferred tax assets and liabilities have been calculated using rates that are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%). Deferred tax assets have been accounted for as there is reasonable certainty that, in the financial years in which the temporary differences will reverse, taxable income will not be less than the amount of the differences that will be annulled.

Adhesion to the tax consolidation regime

As required by the OIC interpretative document on accounting standard 25, information is provided below regarding adherence to the tax consolidation regime in force within the Group.

In compliance with current legislation, the domestic tax group was renewed during the year (until the tax year ending on 31/03/2020) by the signature of an agreement governing the tax relationships between Endurance Overseas S.r.l. – as the consolidating company – and Endurance S.p.A. and Endurance Engineering S.r.l.. Endurance Castings S.p.A. is not part of the tax consolidation regime.

The relationship between the parties concerns, in particular, the immediate payment of the consolidation differences arising from group taxation and the deduction on a consolidated basis of the excess non-deductible interest expense (if the conditions under paragraph 7 of article 96 of the Consolidated Income Tax Act are met).

OTHER INFORMATION

Average employee numbers

The following table sets out average employee numbers by labour category computed on the basis of the year averages:

Employees	Year 2018/2019	Year 2017/2018
Managers	14	15
White collar	131	101
Blue collar	443	374
Total	**588**	**490**

Group companies employ 575 persons at 31st March, 2019. The changes in relation to the number of employees mainly refer to the change in the scope (the average number of employees of Endurance Castings is in fact equal to 85).

Remuneration of the Directors and the Board of Statutory Auditors

The fees earned during the year by the directors of Group companies totalled Euro 55 thousand, while the fees of the Boards of Statutory Auditors of the various Group companies amounted to Euro 132 thousand in the 2018/2019 financial year.

Fees payable to independent auditors

During the year, the following amounts (comprising fees and expenses) were paid to the independent auditors (Deloitte & Touche S.p.A., or "Deloitte"):

- Euro 79 thousand for the legal audit of the accounts pursuant to Legislative Decree 39/2010 relating to the financial statements of consolidated companies and to the Group's consolidated financial statements, for the signing of the tax returns, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the ETL Group;

- Euro 5 thousand for additional services provided by the independent auditors, relating to the verification and certification of tax returns;

- Euro 39 thousand for services provided by other members of the same network as the legal auditing firm.

Related party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Off balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information relating to the fair value of financial instruments

In compliance with the provisions of Art. 2427-bis of the Italian Civil Code, in order to present a true and fair view of the company's commitments, details of the fair value, extent and nature of holdings of financial derivatives are set out below (amounts in thousands of Euro):

Type of contract	Number of contracts	Original notional value	Notional at 31st March, 2019	Fair value at 31st March, 2019
Interest rate swap	4	28,126	17,951	(107)
Interest rate cap	4	11,214	2,104	-
TOTAL				**(107)**

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position of the Group have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Parent Company belongs as a subsidiary:

	Larger group coincident with smaller group
Company name	Endurance Technologies Limited
Town (if in Italy) or foreign State	Aurangabad (India)
Tax code (Italian companies)	-
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India)
India Stock Exchange: NSE and BSE (**)	

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Summary financial statements of the company which exercises management and coordination activities

The Parent Company (as well as all companies belonging to the Group) is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which indirectly wholly owns the Parent Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2018 (source www.ecb.europa.eu) was 80.2960 (69.3965 at 31st March, 2017):

Balance sheet	Financial statements at 31st March, 2018	Financial statements at 31st March, 2017
Assets		
Non-current assets		
Fixed assets, net	10,181.26	8,798.80
Investments and other non-current assets	5,550.27	5,456.61
Current assets	**10,323.57**	**8,245.55**
Total Assets	**26,055.10**	**22,500.96**

Balance sheet	**Financial statements at 31st March, 2018**	**Financial statements at 31st March, 2017**
Liabilities and equity		
Quotaholder's equity	**17,922.58**	**15,630.64**
Non-current liabilities		
Non-current financial liabilities	49.58	198.52
Other non-current liabilities	63.25	187.91
Current liabilities		
Current financial liabilities	7,072.36	5,520.23
Other current liabilities	947.33	963.66
Total liabilities and equity	**26,055.10**	**22,500.96**

Income Statement	**Financial statements at 31st March, 2018**	**Financial statements at 31st March, 2017**
Revenues	**47,874.05**	**42,926.99**
Operating costs	41,786.44	38,091.04
Depreciation and amortisation	1,696.31	1,668.57
Financial charges	102.49	178.57
Non-recurring income/(expense)	(268.78)	-
Income before tax	**4,020.03**	**2,988.81**
Taxation for the year (current and deferred)	1,304.00	773.84
Income (loss) for the year	**2,716.03**	**2,214.97**
OCI - Other comprehensive income	(0.84)	(17.83)
Total statement of comprehensive income	**2,715.19**	**2,197.14**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

To the Quotaholders,

We confirm that these consolidated financial statements, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flow and explanatory notes, give a true and fair view of the financial position and Group's results and cash flows for the year and agree with the books of account.

Lombardore (Turin), 10th May, 2019
For the Board of Directors
Chief Executive Officer
Massimo Venuti

ENDURANCE OVERSEAS SRL

Consolidated financial statements as of 31st March, 2019

Independent Auditor's Report

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

To the Quotaholders of

ENDURANCE OVERSEAS S.r.l.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Endurance Overseas S.r.l. and its subsidiaries (the "Endurance Overseas Group" or the "Group"), which comprise the consolidated balance sheet as at 31st March, 2019, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Endurance Overseas Group as at 31st March, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Endurance Overseas S.r.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the consolidated financial statements the key financial data from the most recent financial statements of such company. Our opinion on the consolidated financial statements of the Endurance Overseas Group does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Endurance Overseas Group as at 31st March, 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at 31st March, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Endurance Overseas Group as at 31st March, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
22nd May, 2019

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)

Tax Code and Turin Companies Register no. 05754620960

Turin Chamber of Commerce registration No. 1101893

Quota capital: € 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Sole quote-holder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

on the Consolidated Financial Statements for the year ended 31st March, 2019

Dear Shareholders,

The Consolidated Financial Statements of Endurance Overseas S.r.l. and its subsidiaries (the "Endurance Overseas Group") for the year ended 31st March, 2019 have been communicated to us within the terms required by law, together with the Report on Operations, and have been prepared in accordance with accounting standards (in particular with reference to standard OIC 17) and the combined provisions of Legislative Decree no. 127/91 and Legislative Decree 139/2015.

Pursuant to Legislative Decree No. 39 of 27th January, 2010 and Article 41, paragraph 2, of Legislative Decree No. 127 of 9th April, 1991, the task of verifying that the Consolidated Financial Statements comply with the provisions of the law and that they correspond to the results of the accounting and consolidation entries is assigned to the independent auditors Deloitte & Touche S.p.A., appointed by the Shareholders' Meeting of Endurance Overseas S.r.l. on 9th June, 2017 (the "Independent Auditors").

Our supervisory activity was carried out in compliance with the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and concerned in particular:

- verification of the existence and adequacy, within the organizational structure of Endurance Overseas S.r.l.,of a function responsible for relations with subsidiaries;
- examination of the composition of the Endurance Overseas Group and the shareholding relationships, in order to assess the determination of the scope of consolidation. In addition to the parent company Endurance Overseas S.r.l., the following companies are included in the consolidation area:
    - Endurance S.p.A., a company resulting from the merger by incorporation of Endurance Fondalmec S.p.A. into Endurance FOA S.p.A., which subsequently changed its name;
    - Endurance Castings S.p.A., which became part of the Group in the year under review following the acquisition of the equity investment representing the entire share capital;
    - Endurance Engineering S.r.l.;
- obtaining information on the activities carried out by the subsidiaries and on the most important economic, financial and equity transactions in the context of Group relations, on the basis of meetings and interviews with the Directors of Endurance Overseas S.r.l. and the Independent Auditors.

Following the supervision activity on the Consolidated Financial Statements, we certify that:

- the consolidation scope's determination and the choice of consolidation principles for the subsidiaries comply with the provisions of Legislative Decree no. 127/91 and Legislative Decree 139/2015;
- the legal provisions concerning the preparation and layout of the Financial Statements and the Report on Operations have been complied with;
- compliance with the principles of consolidation regarding to the elimination of income and expenses, as well as receivables and payables, of the consolidated companies has been guaranteed;
- the Report on Operations of the Group is consistent with the data and results of the Consolidated Financial Statements and provides adequate information on the economic and financial performance of the Group and on the risks to which the Group is subject, as well as on significant events occurring during the year and after the closing date of the financial year and on the outlook for operations.

Independent Auditors issued on 13th May, 2019 their report pursuant to Articles 14 and 16 of Legislative Decree 39/2010, which states that the Consolidated Financial Statements as at 31st March, 2019 "provide a true and fair view of the financial position and results of operations of the Endurance Overseas Group as at 31st March, 2019 and of its cash flows for the year then ended, in accordance with Italian regulations governing their preparation".

Milano, 13th May, 2019

The Board of Statutory Auditors

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

Endurance S.p.A.

CHIVASSO (Turin), Italy

Report on Operations and Financial Statements
for the year ended 31st March, 2019

ENDURANCE S.p.A.

Head office: VIA REGIONE POZZO 26 CHIVASSO (TURIN)

Tax Code and Turin Companies Register No. : 01782370017

Turin Chamber of Commerce Registration No. : 518048

Share capital: Euro 5,000,000.00 subscribed and fully paid

VAT Number: 01782370017

Sole shareholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on Operations

Financial statements for the year ended 31st March, 2019

To the Shareholder,

The explanatory notes provide disclosures on the financial statements for the year ended 31st March, 2019. This document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

INFORMATION ON THE COMPANY

Matters concerning the economy in general and the results of operations:

In 2018, the global economy turned in positive overall growth, but this was the result of a dynamic first half, followed by a slowdown in the second half.

According to the preliminary estimates released by the World Bank, real Gross Domestic Product (GDP) grew by 3% with different situations in the various macro areas (USA +2.9%, Eurozone +1.9%, Japan +0.8 %, China +6.5%, India +7.3% and Brazil +1.2%).

In Italy, there was growth for the fifth year running, but with an annual increase of only +0.9% due to a sharp deceleration in the second half of the year, culminating with a fourth quarter in technical recession. The slowdown in growth is mainly attributable to weak private consumption and a lower contribution from net exports (-0.1%).

The automotive industry had a trend similar to the macroeconomic context. In the European Union new car registrations in the period corresponding to the financial year (from April, 2018 to March, 2019) grew in the first and second quarters (+5.1% and +1.6% respectively) while in the third and last quarter they showed a significant decline (-7.8% and -3.3% respectively). Overall registrations have reached a lower level than the previous year (-1%). Among the factors that contributed to the decline in the second half of the year, an important one was the introduction of the new vehicle consumption test methodology (WLTP - Worldwide Harmonised Light Vehicles Test Procedures). It was first introduced on 1st September, 2017, but only for new models needing approval, whereas from September, 2018 it was extended to all newly registered cars. Several car manufacturers have suffered delivery delays due to the complexity of the new procedure, which takes into account all the optional contents that influence the aerodynamics, rolling resistance and mass of the vehicle, determining a CO_2 value that more faithfully reflects the characteristics of the individual vehicle, but involves having to test various types of kit on the same model.

The WLTP procedure will gradually replace the NEDC procedure and both WLTP and NEDC consumption and CO_2 emissions data will be shown in the vehicle's documents until the end of 2020. From 2021, WLTP data will be the only CO_2 consumption/emissions data given for all cars. Second-hand vehicles will not be affected by this step and will retain their certified NEDC values.

The trend in registrations by individual car manufacturers shows the consolidation of VW's European leadership (-1.3%, with a market share of 23.9%, the same as the previous year) followed by Renault (+0.3 %, with a market share of 10.8% compared with 10.6% the previous year), PSA (excluding its acquisition of Opel at +3.4% and a market share of 10.6% from 10.2%), FCA (-4.1% and a market share of 6.5% from 6.7%), BMW (-1.1%, with a stable market share of 6.6%), Daimler (- 3.3% and a 6.1% market share from 6.3%), Opel (-4.6% and a 5.7% market share from 5.9%) and other manufacturers (-0.8% with a share of 29.9%).

Of the particular phenomena that can be deduced from the trend in European registrations, it is worth mentioning the continuous reduction in diesel vehicle registrations (-18.3% in the calendar year) and the increase in petrol vehicles (+12.8% in the calendar year) as well as alternative power vehicles (LPG/CNG, hybrid and electric cars), +30.4% in the calendar year, with a market share of 7.3% compared with 5.6% the previous year (of which pure electric vehicles have a 2% share).

In this difficult market context, the Company was able to maintain stable revenues (with the exclusion of changes in inventories of finished and semi-finished products, which fell in the period partially thanks to post-merger efficiency measures) due to the ability to counteract the reduction in sales to domestic customers by increasing sales to the main German customers. EBITDA in 2018-19 was Euro 33.6 million or 17% of the value of production, which is almost 14% up on the previous period (on a comparable basis). The net result amounted to Euro 11.9 million, equal to 6.1% of the value of production and 8% up on last year. The positive economic results contributed to a net improvement in the net financial position, despite major capital investment, and further strengthened the Company's financial solidity.

Key events

From a corporate point of view, the year was characterised by the merge by incorporation of Endurance Fondalmec S.p.A. by Endurance S.p.A. (formerly Endurance Foa S.p.A.) which took effect on 1st January, 2019 by deed dated 14th December, 2018, drawn up by Notary Agostini in Milan (rep. 81480 and rec. 15780).

The merger of these two companies, both wholly owned by the Group holding company, Endurance Overseas S.r.l., involved backdating the accounting and tax effects to the start of the year, as permitted under current law.

In order to service the merger operation, the Extraordinary Shareholders' Meeting held on 19th September, 2018, as minuted by Notary Agostini in Milan (rep. 81162 and rec. 15637), approved a free increase in share capital for a total amount of € 5,000,000.

The commercial activity carried on during the year allowed the acquisition of significant new orders from various customers, FCA and VW in particular. The new contracts for traditional and hybrid transmission and engine applications will start production in 2019 and 2020, adding around € 43 million per year in terms of turnover, at full capacity. To be remarked in a particularly positive way - in terms of strengthening the partnership - is VW's assignment of a further increase in capacity (the third) for the 1.5L petrol upper cylinder head, which represents the main product of the company and the group for the level of turnover achieved and commitment in terms of complexity and resources.

During the period, investments in tangible fixed assets, also considering the change in advances and construction in progress, amounted to € 31 million, largely for the VW upper cylinder heads. Funding activities involved the arrangement of medium-term loans totalling € 18 million, while repayments amounted to € 15 million.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October, 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities which might require an indication of the reasons and interests affecting them.

FINANCIAL POSITION

To facilitate a better understanding of the Company's financial position, and with a view to better comparability, we provide below a reclassified balance sheet at 31st March, 2019, compared with a "pro-forma" balance sheet at 31st March, 2018, based on the same scope of consolidation (i.e. as though the merger had already taken place in the previous year).

Balance Sheet - Assets

Item	31st March, 2019	%	31st March, 2018 (Pro-forma) (*)	%	Change	% Change
WORKING CAPITAL	**93,724,206**	**56.61%**	**90,430,567**	**59.54%**	**3,293,639**	**3.64%**
Immediate liquidity	**38,652,880**	**23.35%**	**28,803,444**	**18.97%**	**9,849,436**	**34.20%**
Cash and cash equivalents	38,652,880	23.35%	28,803,444	18.97%	9,849,436	34.20%
Deferred liquidity	**35,247,320**	**21.29%**	**36,966,923**	**24.34%**	**(1,719,603)**	**-4.65%**
Current receivables included in working capital	22,213,971	13.42%	31,167,708	20.52%	(8,953,737)	-28.73%
Financial assets	12,458,306	7.52%	5,065,376	3.34%	7,392,930	145.95%
Prepaid expenses and accrued income	575,043	0.35%	733,839	0.48%	(158,796)	-21.64%
Inventories	**19,824,006**	**11.97%**	**24,660,200**	**16.24%**	**(4,836,194)**	**-19.61%**
FIXED ASSETS	**71,842,497**	**43.39%**	**61,439,564**	**40.46%**	**10,402,933**	**16.93%**
Intangible assets	2,002,688	1.21%	3,881,078	2.56%	(1,878,390)	-48.40%
Tangible fixed assets	62,764,880	37.91%	49,832,378	32.81%	12,932,502	25.95%
Financial fixed assets	3,000,284	1.81%	5,000,975	3.29%	(2,000,691)	-40.01%
Non-current portion of receivables included in working capital	3,973,983	2.40%	2,394,792	1.58%	1,579,191	65.94%
Prepaid expenses and accrued income - non-current	100,662	0.06%	330,341	0.22%	(229,679)	-69.53%
CAPITAL EMPLOYED	**165,566,703**	**100.00%**	**151,870,131**	**100.00%**	**13,696,572**	**9.02%**

(*) Figures taken from the financial statements of the merging and merged companies at 31st March, 2018 (audited), appropriately aggregated and adjusted with the same logic used at the time of the merger. These adjusted (so-called "pro-forma") figures have not been audited.

With reference to the asset structure of the Company, we note in particular:

- as regards current assets, the increase in cash and financial assets (represented by the positive balance of the Group's centralised treasury), reflecting the positive trend in financial flows recorded by the Company, net of investments, as well as the performance of other working capital items, which recorded a decrease in trade receivables (linked to the change in the mix of the Company's customer portfolio) and inventory (due to stock management efficiency policies implemented);

- with reference to non-current assets, in particular there was an increase in tangible assets, linked to the significant investments made during the year (approximately € 30.8 million, related to the expansion of production capacity for newly acquired contracts, especially from VW), only partially offset by depreciation of € 16.3 million, and the reduction in intangible assets (essentially amortisation for the period) and financial fixed assets, following the sale occurred during year of certain investments of surplus cash made by the merged company in previous years.

Balance Sheet - Liabilities and Shareholders' Equity

Item	31st March, 2019	%	31st March, 2018 (Pro-forma) (*)	%	Change	% Change
CAPITAL ATTRIBUTABLE TO MINORITY INTEREST	**110,828,267**	**66.94%**	**105,057,366**	**69.18%**	**5,770,901**	**5.49%**
Current liabilities	**79,736,792**	**48.16%**	**80,528,929**	**53.02%**	**(792,137)**	**-0.98%**
Current payables	79,129,574	47.79%	79,355,432	52.25%	(225,858)	-0.28%
Accrued expenses and deferred income	607,218	0.37%	1,173,497	0.77%	(566,279)	-48.26%
Non-current liabilities	**31,091,475**	**18.78%**	**24,528,437**	**16.15%**	**6,563,038**	**26.76%**
Non-current payables	24,482,052	14.79%	21,443,762	14.12%	3,038,290	14.17%
Accrued expenses and deferred income - non-current	844,233	0.51%	929,806	0.61%	(85,573)	-9.20%
Provisions for risks and charges	3,929,376	2.37%	427,223	0.28%	3,502,153	819.75%
Employee termination indemnity	1,835,814	1.11%	1,727,646	1.14%	108,168	6.26%
EQUITY	**54,738,436**	**33.06%**	**46,812,765**	**30.82%**	**7,925,671**	**16.93%**
Share capital	5,000,000	3.02%	5,000,000	3.29%	-	0.00%
Reserves	30,142,736	18.21%	26,660,045	17.55%	3,482,691	13.06%
Retained earnings (accumulated losses)	7,670,030	4.63%	4,120,706	2.71%	3,549,324	86.13%
Net income (loss) for the year	11,925,670	7.20%	11,032,014	7.26%	893,656	8.10%
FINANCING SOURCES	**165,566,703**	**100.00%**	**151,870,131**	**100.00%**	**13,696,572**	**9.02%**

(*) Figures taken from the financial statements of the merging and merged companies at 31st March, 2018 (audited), appropriately aggregated and adjusted with the same logic used at the time of the merger. These adjusted (so-called "pro-forma") figures have not been audited.

With reference to the company's equity and liability structure, we would point out in particular:

- as regards the capital attributable to the minority interest, the increase in non-current liabilities (linked to renewal of the debt by taking out new loans for a total of € 18.0 million, net of the repayments contractually envisaged for the outstanding liabilities of € 15.0 million) and provisions for risks and charges (in relation to the accruals made during the year for € 3.5 million in relation to the hedging of outstanding - mainly commercial - risks);

- as regards own capital, shareholders' equity increased by a total of € 7.9 million, following the registration of the income for the period (€ 11.9 million), net of dividends distributed during the year (€ 4 million, divided equally between the merging and merged company).

Key indicators of financial position

On the basis of the above reclassification, indicators/ratios of financial position are set out below:

RATIO	Year 2018-19	Year 2017-2018 (Pro-forma figures)	% Change
Fixed asset coverage	80.77 %	79.73 %	1.30 %
Amounts payable to banks to working capital	39.54 %	38.48 %	2.75 %
Debt ratio	2.02	2.24	(9.82) %
Financial debt ratio	0.78	0.82	(4.88) %
Equity to capital employed	33.06 %	30.82 %	7.27 %
Financial charges to turnover	0.25 %	0.33 %	(24.24) %
Current ratio	121.67 %	117.56 %	3.50 %
Primary coverage ratio	0.85	0.87	(2.30) %
Secondary coverage ratio	1.33	1.31	1.53 %
Net working capital	17,243,843.00	14,302,173.00	20.57 %
Acid test margin	(2,580,163.00)	(10,358,027.00)	75.09 %
Acid test ratio	96.76 %	87.28 %	10.86 %

Statement of cash flows

Item	FY 2018-2019	FY 2017-2018
Cash and cash equivalents at beginning of period	**6,270,164**	**3,821,135**
Cash and cash equivalents acquired through the merger	**22,533,280**	**-**
a. Cash flows from operating activities	44,547,687	9,149,652
b. Cash flows from investing activities	(26,267,216)	97,514
c. Cash flows from financing activities	(8,431,035)	(6,798,137)
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**9,849,436**	**2,449,029**
Cash and cash equivalents at end of period	**38,652,880**	**6,270,164**

With reference to the trend in cash flows for the period, in addition to the increase linked to the merger operation - indicated separately - the Company has recorded positive cash flows of approximately € 9.8 millions during the year, brought about by the combined effect of the following factors:

- a positive trend in the core business, which generated positive net cash flows of € 44.5 million, to which the change in working capital for about € 11.7 million also contributed, among other things;

- cash flow for investments made during the period (a net outlay - including financial investments - of € 26.3 million), mainly investments in tangible assets to increase production capacity for projects currently in progress and those newly acquired;

- cash flow from financing activities, negative for € 8.4 million, of which € 7.4 million for the increase in the positive balance of current financial assets for the balance of Group's treasury current accounts and € 4.0 million for the dividends distributed to the parent company Endurance Overseas S.r.l., offset by the net positive effect - € 3.0 million - linked to the increase in non-current payables (due to new funds acquired for new contracts signed for € 18.0 million during the year, net of contractually envisaged repayments of € 15.0 million).

ECONOMIC RESULTS

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

For a better understanding of the Company's result of operations and to ensure the comparability of the figures, a reclassified Income Statement for 2018-19 is provided below, compared with the "pro-forma" figures for 2017-18, drawn up on a like-for-like basis (as though the merger had already taken place the previous year).

Income Statement

Item	FY 2018-2019	%	FY 2017-2018 (Pro-forma) (*)	%	Change	% Change
VALUE OF PRODUCTION	**196,036,893**	**100.00%**	**198,526,066**	**100.00%**	**(2,489,173)**	**-1.25%**
- Consumption of raw materials	97,822,174	49.90%	103,045,349	51.91%	(5,223,175)	-5.07%
- General expenses	33,875,243	17.28%	40,238,358	20.27%	(6,363,115)	-15.81%
VALUE-ADDED	**64,339,476**	**32.82%**	**55,242,359**	**27.83%**	**9,097,117**	**16.47%**
- Payroll costs	25,098,221	12.80%	23,898,191	12.04%	1,200,030	5.02%
- Provisions	3,500,000	1.79%	300,000	0.15%	3,200,000	10.67%
GROSS OPERATING MARGIN	**35,741,255**	**18.23%**	**31,044,168**	**15.64%**	**4,697,087**	**15.13%**
- Depreciation, amortisation and writedowns	17,350,332	8.85%	13,529,104	6.81%	3,821,228	28.24%
- Other operating expenses	2,188,035	1.12%	1,580,311	0.80%	607,724	38.46%
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**16,202,888**	**8.27%**	**15,934,753**	**8.03%**	**268,135**	**1.68%**
+ Financial items	(406,900)	-0.21%	(518,048)	-0.26%	111,148	-21.46%
INCOME BEFORE TAX	**15,795,988**	**8.06%**	**15,416,705**	**7.77%**	**379,283**	**2.46%**
- Taxation	3,870,318	1.97%	4,384,691	2.21%	(514,373)	-11.73%
NET INCOME	**11,925,670**	**6.08%**	**11,032,014**	**5.56%**	**893,656**	**8.10%**
EBITDA	**33,553,220**	**17.12%**	**29,463,857**	**14.84%**	**4,089,363**	**13.88%**

(*) Figures taken from the financial statements of the merging and merged companies at 31st March, 2018 (audited), appropriately aggregated and adjusted with the same logic used at the time of the merger. These adjusted (so-called "pro-forma") figures have not been audited.

From an economic point of view, FY 2018-19 saw a decrease in total revenues, mainly because of the negative change in inventories of semi-finished and finished products (about € 2.5 million compared with the previous year). As regards the Company's main customers, during the year there was a significant reduction (of more than 20%) in sales to the FCA group and, with a more limited impact in absolute terms, to the GM group (also in this case above 20%); these were offset by the growth towards German customers, i.e. BMW, Daimler Mercedes and Volkswagen, especially to the last, which posted an increase of over € 25 million compared with the previous year (representing 25% of the Company's turnover in FY 2018-19).

As for the cost structure, we would point out in particular a more than proportional reduction in the consumption of raw materials (reduced by around 5%) and general expenses (down by 15% compared with the previous year). This is mainly due to the change in the production mix in consideration of the sales trend, as well as the policy to insource certain production activities previously sourced from third parties. Then there has been the optimisation of the production and procurement processes as a result of the merger, which has helped to make the Company's position in the value chain more efficient.

These benefits were partially offset by the increase in depreciation and amortisation (about € 3.8 million), which have been impacted by the significant investments made during the year and by the revision of the useful life of certain assets used solely in the production of certain parts. This revision was carried out because of the changed expectations and sales forecasts of these products, based on new scenarios of customer orders. The benefits were also offset by the provisions (up by approximately € 3.5 million), which include charges to mitigate business risk, especially potential changes in commercial conditions. In the absence of a definitive quantification, they have been booked to this item (with respect to charges of a similar nature which, where already quantifiable, had been booked to general expenses, further contributing to their reduction).

The performance described led, in any way, to a growing profitability for the year under review: the Company's

EBITDA is showing growth of approximately € 4.1 million, an increase of 14% compared with the previous year, coming in at 17.1% of the value of production (versus 14.8% the previous year).

Income taxes have decreased by about € 0.5 million compared with the previous year, contributing to a positive net result of € 11.9 million, equal to 6.1% of the value of production (+8.1% on the previous year).

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	Year 2018-19	Year 2017-2018 (Pro-forma figures)	% Change
R.O.E.	21.79%	23.57%	-7.55%
R.O.I.	38.55%	32.93%	17.06%
R.O.S.	8.12%	8.04%	0.99%
R.O.A.	9.79%	10.49%	-6.73%

INFORMATION REQUIRED BY ART. 2428 OF THE CIVIL CODE

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

Risks related to the general state of the economy: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

Risks related to the sector in which the company operates: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

Risks related to the ability to create innovative products: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

Financial risks: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).

Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year ended 31st March, 2019 on the control and maintenance of appropriate environmental protection standards, in accordance with BS OHSAS 18001:2007 for our environmental management system, in addition to the preparatory activities prior to the transition to the new ISO 14001:2015 standards.

Employee training sessions covered the following topics, in compliance with the State-Regions agreement of December 2011:

- General and job-specific topics in relation to safety,
- Training and Refresher courses for the emergency and first-aid team,
- training and refresher courses for worker safety representatives (and training for all newly-hired employees);
- Training for workers using fork-lift trucks, for protective practices for personnel who operate machines that emit radio waves, handling spills of dangerous substances and PES-PAV training for workers operating on electrical installations switched on or switched off;
- Training in waste management and use of the SO.GE.R software;
- Specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work;
- Updates in relation to the application of the most recent ISO 45000 standard; and
- Course for Integrated Internal Auditor ISO 14001:2015 & ISO 45001:2018.

In terms of general and specific training on safety and the environment, a total of 1,879 hours were dedicated during the year (divided into 674 hours at the Lombardore plant, 927 hours at the Chivasso facilities and 278 hours at the Grugliasco plant).

Work on plant installed included the following main actions:

- *Lombardore plant:*

    (a) Installation of fall-prevention life lines on the roofs of buildings.

    (b) Installation of skylights on the roof of the 6.2 workshop to improve its microclimate.

    (c) Improvement of horizontal and vertical signs in the production departments and external areas.

- *Grugliasco plant:*

    (a) Improvement of access to the water tank of the cooling circuit.

    (b) Rationalization of the heating system of the technical offices/canteen.

    (c) Introduction of a new type of clothing for personnel involved in the management of melting furnaces with characteristics of higher protection against contact heat and resistance to splashes of molten aluminium.

- *Chivasso plants:*

    (a) Installation of skylights on the roof of the foundry to improve its microclimate.

    (b) Improvement of pedestrian crossing in foundry 2 departments.

    (c) Introduction of a new type of clothing for personnel involved in the management of melting furnaces with characteristics of higher protection against contact heat and resistance to splashes of molten aluminium.

In addition, on fire-safety matters, the Company's emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

Lastly, in relation to the monitoring of the risk and impact assessment system, the Risk Assessment Document and the Environmental Impact Register were updated with the identification and analysis of risks and opportunities (focusing in particular on environmental emergency management or safety of workers according to appropriate procedures in order to identify and define the actions needed to prevent future accidents).

Information on personnel management

The Company's headcount came to 416 employees at the end of the 2018-19 financial year, taking into account the effect of the merger that took place during the year, which led to an increase in the number of employees of 220 (at 1st April, 2018, accounting effective date of the merger).

From a labour law point of view, the process of integrating the personnel of the merged company, Endurance Fondalmec S.p.A., took place as agreed with the trade union representatives, who were consulted about the reasons for the merger and how it should be handled.

Taking into account the change caused by the merger, the average headcount of the company during the year was approximately 428 persons.

The main training activities during 2018-2019 focused on Manufacturing, Engineering and Quality, with a view to upgrading general and specific skills also in relation to the variables linked to the continuous improvement of production and corporate processes. Particular attention and targeted interventions have been envisaged for the certification of skills in relation to "Customer Specific Requirements", as a necessary requirement for companies in the sector in which Endurance S.p.A. operates.

In particular, training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

<u>Production-related training:</u>

Development of skills, start-up of new processing lines, management of systems, specific training carried out together with the suppliers of engineering installations and automation lines, and in particular:

- Operational management of the automation and mechanical processing lines with external and on-the-job training to develop the specific skills of the specialised and operational staff and to train up people in new dedicated roles;

- Self-maintenance of the processing plants and approaches to the management of the tools used in Lean Manufacturing, with particular attention to the 5S method;

- On-the-job activities related to the improvement of production processes and verification of compliance of processed products;

- Development and greater analysis of specific issues in the field of "Problem Solving" with a view to autonomous management of production problems and continuous improvement;

- Start of a training course on die casting processes for future production managers and foundry technicians (key processes that include technical production requirements within the context of management and regulatory requirements).

Engineering/quality training:

- Internal quality: improvement in internal management processes of the conformity variables of processed products, of the various control methods and of the quality system documentation through on-the-job training;
- Skills certification: External training related to the certification of skills and approaches provided by German customers and in particular:
    - VDA 2;
    - Formel Q Compact Training; and
    - VDA 6.3 Process Auditor Certification.
- Skills certification: External training related to the certification of skills related to process evaluation methods (CQI);
- Planning of training for the development of technical and managerial skills, particularly:
    - Negotiation;
    - Technical Drawing;
    - Logic and structure, set-up, conduction and MU processing;
    - Teamworking; and
    - Program Management.

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Company's staff in a total of around 13,900 hours with training activities carried out internally, externally and on the job.

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, though no R&D costs were capitalised.

With reference to the activities relating to the "Future Manufacturing Endurance" project, a strategic initiative of the Endurance Group that began in 2015-16 and was completed towards the end of 2017-18 period, during 2018-19 FY the Ministry of Economic Development carried out its checks to validate the final expenses and allow first level approval of the project.

This initiative was developed with the aim of responding to the most recent trends in the automotive sector, which tended towards orders featuring high volumes and increasing demands in terms of price competitiveness, technical features and product complexity, quality standards tending to zero defect targets and developed through the study, design, experimentation and development (also with the contribution of Turin Polytechnic and Padua University) of a new pilot production line, whose procedural solutions are currently implemented in the field of mass production. The main objectives achieved with the project concerned the development of a complex process for the use on mass production of advanced solutions able to operate at very high performance levels with optimised cycles and times, using high precision machinery, automation of the handling and feeding of machining centres with the development of software applications and mechanical systems for the overall management of line movement, automated quality control, re-working, monitoring and its reconfigurability. Analytical methods were also implemented in order to predict the conformity of components by developing correlations between process simulations and their behaviour under test conditions. A number of additional objectives are also being validated at increasing rates of production: energy saving, reduction in production noise and the more efficient recoverable of consumables.

It should be noted that in relation to the activities carried out, in previous years, costs had been capitalised for a total of € 2,677 thousand with their amortisation commencing on 1st October, 2016, based on the recording of first revenues linked to implementation of the pilot line, and for the next 5 years (the net carrying amount of these assets, classified as development costs, amounts to € 1,338 thousand at 31st March, 2019).

As mentioned previously, during the year under review, the process of checking that innovation targets had been reached and costs eligibility audit was completed in accordance with the decree granting the contribution from the Ministry of Economic Development as part of a technological research support programme. These activities, carried out with the technical involvement of representatives of the National Research Council (CNR), were completed successfully and currently the approval process is subject to the Ministry issuing a new Concession Decree, which has become necessary following the merger that involved Endurance Fondalmec S.p.A. (the beneficiary of the ministerial provision) as the merged company.

With reference to the other main special project that involved the Company during the year (industrial research project and experimental development for the industrialisation of innovative products in aluminium alloy (ICARO Project), as part of the Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1 - Call for tenders "IR2" Industrialisation of Research Results, which the Company takes part in as Project Manager of a partnership of 3 companies, it should be noted that the stages of completion of the research and development activities envisaged by the project have been registered and the costs incurred have been reported, followed by the recognition and disbursement of the related shares of grants or co-financing by the bodies concerned (Finpiemonte and Piedmont Region) for a total of € 242 thousand by 31st March, 2019.

Note that, among the objectives of the project, which concern verification of the application of innovative procedural and production solutions to die-casting technology and related mechanical processing, there is also the establishment and implementation of a die-cast R&D centre - at the service of the mechanical engineering supply chain, in particular - which will be set up at the Endurance Group's facilities in Chivasso. In the context of the project and in relation to the objectives of the call for tenders, we recruited five people under advanced training contracts to be involved in the project. After completing the period of training, two of them were hired by the Endurance Group on a permanent basis.

In addition to the main projects described above, the various corporate departments have also progressed other product and process development activities, which have pursued the following main directions:

- Re-organisation of the Technical Office (also in view of the merger and increased interconnection between the design and technical aspects of die casting and machining);
- Continuation of the plan for the training and inclusion of new resources, particularly for process engineering (as part of the ICARO project) and the budgeting structure;
- Start of cost/benefit surveys for innovative technical solutions applied to machining and cleaning after processing;
- Standardisation of the preparation of technical review documentation (related to process simulations supporting product improvement and the mechanical characteristics of raw and/or heat-treated castings)
- Completion of the benchmark activity on new dimensional control techniques (laser scan, structured light);
- Completion of the preliminary study for the development of production technologies for the marking of raw foundry parts;
- Start of cost/benefit analyses related to the introduction of innovative technical solutions for the use of mould steels (DAC Magic) and lubricants.

With reference to the die-casting sector, the following main design and process activities are reported:

- Completion of sampling and subsequent regulation of the production of 10 different product families for domestic and foreign customers.
- Design, production of basic lots and sampling for various new products.

In the field of mechanical processing, with reference to the main design activities in the process and product area, we note:

- Adjustment of the mechanical processing line for capacity increase at Lagherhamen (Thyssen - VW) to use a single raw stock;
- Installation and adjustment of the second line dedicated to the machining of the VW-ZSB Zylinderkopfhaube EA211 EVO cylinder head cover, with advanced features to prepare for handling the ACT Plus version;
- Completion of the development of the VW ACT Plus cylinder head cover, with processing and assembly on line 2 (already installed) and line 3 (installation planned for 2019-20) dedicated to VW;
- Completion of the development, industrialization and related installation/adjustment of production capacity for eight product families.
- Continuation and start of the industrialization of eight new product families.
- To support the acquisition of new products with the preparation of estimates and detailed Technical Reviews.

Lastly, it should be noted that, as part of the technological integration underway in the Endurance Group worldwide, with the aim of reinforcing the collaboration of the Group's technical structures, a cross fertilisation project was launched during the year to encourage dialogue and exchange of information on their respective technical experiences.

Pursuant to and for the purposes of paragraph 1) of the third paragraph of art. 2428 of the Italian Civil Code, we certify that with reference to the research and development activities applied to the product and to the production process, costs totalling € 2.6 million were recorded during the year, of which € 1.4 million relating to costs of the personnel involved; with reference to the other expense items subject to reporting (for the period to 31st December, 2018) in the context of co-financed projects (mainly for the purchase of equipment, depreciation of dedicated plant and machinery, specific consulting costs) amounted to approximately € 1.0 million, to which will be added (in subsequent reports) the costs for other activities carried out after 1st January, 2019 and up to 31st March, 2019, for an amount of approximately € 0.2 million.

With regard to the various R&D activities mentioned here, the Company has benefited from the tax credit envisaged by the Decree of 27th May, 2015, issued by the Minister of the Economy and Finance together with the Minister of Economic Development, as per article 3 of Decree-Law 145 of 23rd December, 2013 (the so-called "Destination Italy Decree"), as amended by article 1, paragraph 35 of Law 190 of 23rd December, 2014 (the "2015 Stability Law"). During the year, the Company recorded mentioned types of income for € 706 thousand.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as fixed assets

Description	31st March, 2019	31st March, 2018	Change
from controlling companies	3,000,000	-	3,000,000
Total	**3,000,000**	**-**	**3,000,000**

The receivables from controlling companies at 31st March, 2019, classified as financial fixed assets, include the loan of € 3,000,000 granted by Endurance Fondalmec S.p.A. (absorbed by Endurance S.p.A.) to Endurance Overseas S.r.l. in previous years in order to optimise the financial structure of the group.

Receivables from affiliates classified as current assets

Description	31st March, 2019	31st March, 2018	Change
from controlling companies	345,774	122,069	223,705
from entities under common control	2,196,900	7,471,946	(5,275,046)
Total	**2,542,674**	**7,594,015**	**(5,051,341)**

The amounts due from the controlling company (€ 345,774) refer, for € 327,000, to guarantee deposits and to trade receivables outstanding with Endurance Overseas S.r.l..

Receivables due from entities under common control comprise, for € 1,515,391, the trade receivables due from Endurance Castings S.p.A., directly controlled by Endurance Overseas S.r.l. and the receivables from Endurance Amann GmbH amounting to € 700,283. The significant decrease in this item mainly refers to the effects of the merger, which eliminated the merging company's receivables from the merged company Endurance Fondalmec S.p.A.

Description	31st March, 2019	31st March, 2018	Change
from controlling companies – treasury management (cash pooling) assets	12,458,306	813,623	11,644,683
Total	**12,458,306**	**813,623**	**11,644,683**

The amount represents the Company's positive balance in the cash pooling system managed by the parent Endurance Overseas S.r.l. It increased as a result of the merger (€ 4,251,753) and because of the cash generated by the Company during the year.

Payables due to and loans from affiliates

Description	31st March, 2019	31st March, 2018	Change
due to controlling companies	1,896,580	851,276	1,045,304
due to entities under common control	1,578,646	637,962	940,684
Total	**3,475,226**	**1,489,238**	**1,985,988**

Payables due to parent companies total € 1,896,580 and relate, for € 1,422,352, to administrative, financial services and support provided by the controlling company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis, and, for € 474,227, to payables to the parent company for the domestic tax group, adopted pursuant to arts 117/129 of the Consolidated Tax Law.

Payables due to entities under common control include trade payables to Endurance Castings S.p.A. (€ 651,103), to Endurance Engineering s.r.l. (€ 920,716), both direct subsidiaries of Endurance Overseas S.r.l. and to Endurance Amann GmbH (€ 6,827), a subsidiary of Endurance Technologies Limited.

There are no credit and debit relationships and no economic transactions were carried out during the year with Endurance Technologies Limited, the company that exercises management control and coordination.

Treasury shares

Pursuant to Arts. 2435bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2428 and Art. 2435-bis of the Italian Civil Code, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The economic forecasts issued by the various international organisations indicate a progressive deterioration in the growth prospects of the main economies. According to experts at the World Bank, world economic growth in 2019 will drop to 2.9%.

US growth is expected to slip from 2.9% to 2.5%, whereas the figure for China is likely to come in at 6.2%, versus 6.5% in 2018. The Euro zone is expected to post an increase of +1.6%, down from +1.9%. The forecasts made at the beginning of the year were then continuously downgraded as trade and geopolitical tensions rose and world trade fell.

The automotive industry had a difficult start to the year (-3.3% in the Euro area in January-March), while the preliminary figures for April are contrasting, with a moderate recovery in Italy (+1.5 % in the month compared with the previous year, after an awful first quarter) and in France (+0.4%), whereas Germany is still negative (-1%), as is the UK (-4.1%). Similar situations are also visible on the US and Chinese market with registrations in profound decline and little hope in the short term that expectations will turn towards more stable market conditions.

It is difficult to quantify how much of these reductions can be attributed to temporary phenomena - i.e. problems connected to the new WLTP procedures or the postponement of purchases by consumers waiting for greater certainty about the changes currently taking place, especially in regulatory issues - or rather to the cyclical nature of the automotive sector, conditioned by the uncertain macroeconomic trend.

In this regard, in February, 2019, ACEA (European Automobile Manufacturers Association) issued forecasts for new registrations in 2019, which see a flat market with growth of less than 1%.

The future prospects are therefore characterised by a high level of uncertainty. It is also difficult to foresee what impact there might be on the subsidiaries' activities of the multiple unknowns in the macroeconomic scenario, both nationally and internationally, and in the automotive sector in particular. These include: the effects of the new vehicle consumption test methodology (WLTP), current commercial tensions (in particular between the US and China, but possibly extending to the European automotive sector), the development of pure electric vehicles, the epilogue of what is by now the consolidated decline in sales of diesel vehicles and the evolution of the ever-current themes of aggregation and consolidation of carmakers and the supply chain.

Expectations are therefore for a year of transition with new investment opportunities, being aware of increased competition from national and foreign competitors, also evaluating types of production not currently addressed by the company.

The activity must then focus on improving and streamlining the management of company processes, including optimisation during the integration of the Endurance Castings S.p.A., which recently entered the scope of consolidation following its acquisition by the parent company Endurance Overseas S.r.l.

Considering the order book acquired and the Company's solid financial situation, we believe that the challenges posed by external conditions can be handled effectively, continuing to expect to achieve positive results in any case.

The use of financial instruments material to the measurement of the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging two IRS contracts and two CAP contracts in relation to some of these loans. The fair value of these hedging instruments is disclosed in the explanatory notes.

Secondary locations

In compliance with the provisions of art. 2428 of the Italian Civil Code, it should be noted that at 31st March, 2018, following the merger, the Company has confirmed Via Regione Pozzo 26, Chivasso (TO) as its head office, as well as the following secondary offices:

Address	Location
VIA DEL BOSCHETTO 2/39	LOMBARDORE
VIA F.LLI BONAUDO 11	CHIVASSO
VIA MORANDI 9	GRUGLIASCO

CONCLUSION

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements for the year ended 31st March, 2019 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Chivasso, 10th May, 2019
For the Board of Directors
The Managing Director
Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE SPA
Registered office:	VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Share capital:	5,000,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	01782370017
Tax code:	01782370017
REA Number:	518048
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	256200
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements

for the year ended 31st March, 2019

BALANCE SHEET

	31st March, 2019	31st March, 2018
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	-	-
2) development costs	1,338,354	-
3) industrial patent rights and intellectual property rights	117,434	79,681
4) Concessions, licenses, trademarks and similar rights	-	-
5) goodwill	-	-
6) assets in process of formation and advance payments	-	-
7) other	546,901	1,460,240
Total intangible assets	2,002,689	1,539,921
II - Tangible fixed assets		
1) land and buildings	7,646,694	2,650,852
2) plant and machinery	45,177,621	8,615,723
3) industrial and commercial equipment	1,608,014	185,061
4) other assets	343,464	178,681
5) assets under construction and advance payments	7,989,087	110,352
Total tangible fixed assets	62,764,880	11,740,669
III - Financial fixed assets		
1) equity investments in		
a) controlled companies	-	-
b) associated companies	-	-
c) parent/controlling companies	-	-
d) companies under common control	-	-
d-bis) other companies	284	155
Total equity investments	284	155
2) receivables		
a) from controlled companies	-	-
b) from associated companies	-	-
c) from parent/controlling companies	3,000,000	-
due within one year	3,000,000	-
d) from companies under common control	-	-
d-bis) from others	-	-
Total receivables	3,000,000	-
3) other securities	-	-
4) derivative financial instruments	-	8
Total financial fixed assets	3,000,284	163
Total fixed assets (B)	67,767,853	13,280,753
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	5,641,882	2,204,430
2) work in process and semi-finished products	8,090,173	2,666,517
3) contract work in progress	-	-
4) finished products and goods	6,068,358	5,686,520
5) advances	23,593	1,115,270
Total inventories	19,824,006	11,672,737

	31st March, 2019	31st March, 2018
II - Receivables		
1) from customers	17,131,231	8,992,989
due within one year	17,131,231	8,992,989
2) from controlled companies	-	-
3) from associated companies	-	-
4) from parent/controlling companies	345,774	122,069
due within one year	18,774	9,569
due beyond one year	327,000	112,500
5) from companies under common control	2,186,957	7,471,946
due within one year	2,186,957	7,471,946
5-bis) tax receivables	1,601,375	1,040,657
due within one year	1,601,375	1,040,657
5-ter) deferred tax assets	3,646,983	947,853
5-quater) from others	413,533	128,015
due within one year	413,533	128,015
Total receivables	25,325,853	18,703,529
III - Current financial assets		
1) investments in controlled companies	-	-
2) investments in associated companies	-	-
3) investments in parent/controlling companies	-	-
3-bis) investments companies under common control	-	-
4) investments in other companies	-	-
5) derivative instruments	-	-
6) other securities	-	-
7) financial assets for centralized cash management (cash pooling)	12,458,306	813,623
Total current financial assets	12,458,306	813,623
IV - Cash and cash equivalents		
1) bank and postal deposits	38,649,716	6,269,598
2) cheques	-	-
3) cash on hand	3,164	566
Total cash and cash equivalents	38,652,880	6,270,164
Total current assets (C)	96,261,045	37,460,053
D) Prepaid expenses and accrued income	**675,705**	**658,267**
Total assets	164,704,603	51,399,073
Liabilities and shareholders' equity		
A) Shareholder's equity	**54,738,436**	**16,158,428**
I - Share capital	5,000,000	382,200
II – Share premium reserve	-	-
III - Revaluation reserves	2,481,666	759,440
IV - Legal reserve	797,920	197,920
V - Statutory reserves	-	-
VI - Other distinctly indicated reserves		
Extraordinary reserve	4,962,658	4,962,658
Other reserves	21,900,492	186,181
Total other reserves	26,863,150	5,148,839
VII – Cash flow hedge reserve	-	-
VIII - Retained earnings (accumulated losses)	7,670,030	4,985,660
IX - Net income (loss) for the year	11,925,670	4,684,369
Total shareholder's equity	54,738,436	16,158,428

	31st March, 2019	31st March, 2018
B) Provision for risks and charges		
1) provisions for pensions and similar obligations	-	-
2) for current and deferred taxation	-	-
3) derivative financial instruments	7,548	-
4) other	3,921,828	113,965
Total provisions for risks and charges	3,929,376	113,965
C) Employee termination indemnities	**1,835,814**	**1,385,016**
D) Payables		
1) bonds	-	-
2) convertible bonds	-	-
3) due to shareholders for loans	-	-
4) due to banks	38,401,892	5,738,120
due within one year	13,976,090	3,742,272
due beyond one year	24,425,802	1,995,848
5) due to other financial institutions	-	-
6) advances	-	-
7) trade payables	53,771,317	23,098,986
due within one year	53,771,317	23,098,986
8) credit notes-represented payables	-	-
9) due to controlled companies	-	-
10) due to associated companies	-	-
11) due to parent companies	1,896,580	851,276
due within one year	1,896,580	851,276
11-bis) due to fellow subsidiaries	1,578,646	637,962
due within one year	1,578,646	637,962
12) tax payables	494,622	287,752
due within one year	494,622	287,752
13) due to pension and social security institutions	1,682,164	159,941
due within one year	1,682,164	159,941
14) other payables	4,924,305	2,935,069
due within one year	4,868,055	2,935,069
due beyond one year	56,250	-
Total payables	102,749,526	33,709,106
E) Accrued expenses and deferred income	**1,451,451**	**32,558**
Total liabilities and shareholder's equity	164,704,603	51,399,073

INCOME STATEMENT

	FY 2018/2019	FY 2017/2018
A) Value of production		
1) revenues from sales of goods and services	195,933,588	74,859,841
2) change in inventories of work in progress, semi-finished and finished products	(3,465,537)	570,438
3) change in contract work in progress	-	-
4) increases in non-current assets from in-house production	80,304	-
5) other income and revenues		
grants	980,323	102,771
other	2,508,215	565,645
Total other income and revenues	3,488,538	668,416
Total value of production	196,036,893	76,098,695
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	97,543,193	29,026,751
7) services	28,926,339	21,719,776
8) lease and rental charges	4,948,904	2,574,530
9) payroll		
a) wages and salaries	18,829,335	8,680,935
b) social contributions	5,086,065	2,071,728
c) termination indemnities	931,477	369,876
d) pensions and similar commitments	-	-
e) other costs	251,344	97,656
Total payroll costs	25,098,221	11,220,195
10) depreciation, amortisation and writedowns		
a) amortisation of intangible fixed assets	917,057	570,112
b) depreciation of tangible fixed assets	16,296,753	3,396,126
c) writedowns of tangible and intangible fixed assets	-	-
d) writedowns of current receivables and liquid funds	136,522	87,975
Total depreciation, amortisation and writedowns	17,350,332	4,054,213
11) change in inventory of raw and ancillary materials, consumables and goods	278,981	(319,641)
12) provisions for risks and charges	3,500,000	-
13) other provisions	-	-
14) other operating expenses	2,188,035	498,566
Total cost of production	179,834,005	68,774,390
Difference between production value and cost (A - B)	**16,202,888**	**7,324,305**
C) Financial income and charges		
15) financial income from investments	-	-
16) other financial income		
a) from financial non-current assets	-	-
b) from other non current securities	-	-
c) from other current securities	-	-
d) income other than the above	-	-
from parent companies	65,449	3,128
other	37,343	4,100
Total income other than the above	102,792	7,228
Total other financial income	102,792	7,228
17) interest and other financial charges	-	-
other	494,791	143,439
Total interest and other financial charges	494,791	143,439
17-bis) exchange gains and losses	(11,560)	-
Total financial income and charges (15+16-17+-17-bis)	(403,559)	(136,211)

	FY 2018/2019	FY 2017/2018
D) Adjustments to financial assets and liabilities		
18) revaluations		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of financial derivatives	-	7
e) of financial assets for centralized cash management (cash pooling)	-	-
Total revaluations	-	7
19) writedowns		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of derivative financial instruments	3,341	-
e) of financial assets for centralized cash management (cash pooling)	-	-
Total writedowns	3,341	-
Total adjustments to financial assets and liabilities (18-19)	(3,341)	7
Result before taxes (A-B+-C+-D)	**15,795,988**	**7,188,101**
20) Income taxes for the year, current and deferred		
current taxation	5,450,264	2,347,132
deferred taxation	(1,579,946)	156,600
Total income taxes for the year, current and deferred	3,870,318	2,503,732
21) Net income (loss) for the year	**11,925,670**	**4,684,369**

STATEMENT OF CASH FLOW (INDIRECT METHOD)

	FY 2018/2019	FY 2017/2018
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	11,925,670	4,684,369
Taxation	3,870,318	2,503,732
Interest expense/(interest income)	403,559	136,211
(Gains)/losses from disposal of assets	13	(24,122)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	16,199,560	7,300,190
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	3,742,035	239,230
Depreciation and amortisation of fixed assets	17,213,810	3,966,238
Total adjustments for non-cash items that had no counterpart in net working capital	20,955,845	4,205,468
2) Cash flow before changes in net working capital	37,155,405	11,505,658
Change in net working capital		
Decrease/(Increase) in inventory	4,836,194	(1,976,056)
Decrease/(Increase) in trade receivables	7,948,470	(3,090,964)
Increase/(Decrease) in trade payables	(788,437)	3,601,149
Decrease/(Increase) in prepaid expenses and accrued income	388,475	204,630
Increase/(Decrease) in accrued expenses and deferred income	(651,852)	(8,939)
Other decreases/(Other Increases) in net working capital	(35,800)	1,536,001
Total changes in net working capital	11,697,050	265,821
3) Cash flow after changes in net working capital	48,852,455	11,771,479
Other adjustments		
Interest collected/(paid)	(388,071)	(136,211)
(Income taxes paid)	(3,784,983)	(2,222,924)
(Use of provisions)	(131,714)	(262,692)
Total other adjustments	(4,304,768)	(2,621,827)
Cash flow from operating activities (A)	**44,547,687**	**9,149,652**
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(30,828,741)	(1,857,801)
Disposals	2,796,392	195,828
Intangible assets		
(Investments)	(234,867)	(240,506)
Financial fixed assets		
(Investments)	-	(7)
Disposals	2,000,000	2,000,000
Cash flow from investing activities (B)	**(26,267,216)**	**97,514**
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in in short-term due to banks	(7,392,238)	(4,804,038)
New loans	17,950,000	2,890,000
(Repayment of loans)	(14,988,797)	(2,884,099)
Own funds		
(Dividends and interim dividends paid)	(4,000,000)	(2,000,000)
Cash flow from financing activities (C)	**(8,431,035)**	**(6,798,137)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**9,849,436**	**2,449,029**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	28,802,878	3,820,886
Cash on hand	566	249
Total cash and cash equivalents at the beginning of the year	**28,803,444**	**3,821,135**

	FY 2018/2019	FY 2017/2018
Cash and cash equivalents at the end of the year		
Bank and postal deposits	38,649,716	6,269,598
Cash on hand	3,164	566
Total cash and cash equivalents at the end of the year	**38,652,880**	**6,270,164**

INFORMATION ON THE STATEMENT OF CASH FLOWS

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Note that the item "Increase (decrease) in short-term due to banks" includes the change in the positive balance of the cash pooling accounts managed by Endurance Overseas S.r.l. (with a total increase of € 7,392,930 during the year, net of the merger).

The items "Total cash and cash equivalents at the beginning of the year" include the figures deriving from the merger, i.e. the positive balance of bank deposits (€ 22,531,125) and cash (€ 2,155) of the merging company at the date of accounting effectiveness (1st April, 2018), as detailed in the table below reported:

	FY 2018/2019	FY 2017/2018
Total cash and cash equivalents at the beginning of the year	**6.270.164**	**3.821.135**
Cash and cash equivalents acquired in the merger operation	22.533.280	-
Increase (decrease) in cash and cash equivalents	9.849.436	2.449.029
Total cash and cash equivalents at the end of the year	**38.652.880**	**6.270.164**

In compliance with the provisions of standard OIC 10, the following table shows, clusterized by cathergories, the assets and liabilities of the merged company, acquired at the effective date of the merger (1st April, 2018), which did not give rise to cash flows:

	Value at 1st April, 2018
Assets	
B) Fixed assets	
Intangbile fixed assets	2,341,157
Tangbile fixed assets	38,091,709
Financial fixed assets	5,000,812
Total Fixed Assets (B)	**45,433,678**
C) Current assets	
Inventories	14,147,190
Receivables	22,595,268
Current financial assets	4,251,753
Cash and cash equivalents	22,533,280
Total Current Assets (C)	**63,527,491**
D) Prepaid expenses and accrued income	**405,913**
Total Assets	**109,367,082**
Liabilities and shareholder's equity	
A) Shareholder's equity	31,490,500
B) Provision for risks and charges	313,258
C) Employee termination indemnities	342,630
D) Payables	75,149,949
E) Accrued expenses and deferred income	2,070,745
Total Liabilities and shareholder's equity	**109,367,082**

EXPLANATORY NOTES, FIRST PART

To the Shareholder, these explanatory notes are an integral part of the financial statements for the year ended 31st March, 2019.

The financial statements submitted for your approval report net income of € 11,925,670, after taxes cherges of € 3,870,318 and depreciation, amortisation and writedowns of € 17,350,332.

This document reflects the impact of the merger by incorporation of Endurance Fondalmec S.p.A. with Endurance S.p.A. (formerly Endurance FOA S.p.A.) effective on 1st January, 2019, deed of Notary Manuela Agostini in Milan, rep. 81480 and file no. 15780, dated 14th December, 2018). The merger of these two companies, both wholly owned by the Group holding company, Endurance Overseas S.r.l., involved backdating the accounting and tax effects to the start of the year (1st April, 2018), as permitted under current law.

So, even though these financial statements have been prepared on the basis of the same accounting policies, the two columns are not comparable, for the reasons explained above. In this regard, reference should be made to the specific section of the report on operations where we have prepared, on a voluntary basis, a comparative analysis of the financial statements with those of the previous year, which were not audited.

Form and content of the financial statements

The financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard. The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31st March, 2019. Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Accounting policies

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Comparability of the previous year figures

As explained in the introduction, the financial statements for the current year reflect the accounting effects of the merger by incorporation of Endurance Fondalmec S.p.A. with Endurance S.p.A. (formerly Endurance Foa S.p.A.), backdating the effect for accounting purposes to the beginning of the year.

For this reason, the two columns in these financial statements are not directly comparable and reference should be made to the specific section in the report on operations, which gives further information to improve the comparability of the results and trends.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22nd December, 2016, inclusive of the amendments published on 29th December, 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2427 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Development costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	10 years on a straight line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis / based on the length of the underlying contracts

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. If this estimate cannot be made, goodwill is amortised over 10 years. For the purpose of determining the useful life of goodwill, the Company applies the information available in order to estimate the likely duration of its economic benefits.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed assets	Depreciation rate
Industrial buildings	3.00%
Light constructions	10.00%
General plant	10.00%
Specific machinery / Automatic machines	15.50% / 17.50%
Furnaces and appurtenances	15.00%
Dies and shears	20.00%
Sundry and minor equipment	25.00%
Mechanical equipment	40.00%
Foundry equipment	40.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12.00%
Motor cars	25.00%
Vehicles and lifting equipment	20.00%
Assets costing less than € 516.46	100.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to shareholder's equity.

Inventories

Inventory is stated at the lower of purchase and/or production cost and realisable value, which can be inferred from market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the stage of completion of the production process, being the cost of production.
- Finished products: manufacturing cost.
- Dies for resale: purchase cost.
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables in the form of RiBa's (bank collection notices) that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27th December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1st January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to shareholder's equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Also for the year under review and up to the year ending 31st March, 2020, the Company has maintained the domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.).

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

As at the balance sheet date, the company does not have any assets or liabilities denominated in foreign currency.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

EXPLANATORY NOTES, ASSETS

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 2,002,688 at 31st March, 2019, after charging amortisation for the year of € 917,057 to the income statement. They are analysed in detail below.

"Development costs" include the costs capitalised by the incorporated company Endurance Fondalmec S.p.A. in relation to an R&D project that carried out between September 2015 and mid 2017. The purpose of this project was to obtain knowledge and innovations deemed essential in the current operational and market conditions, by preparing a pilot production line, the solution of which have been applied in the current production process.

Amortisation of the capitalised costs was commenced in 2016-17, when the project began to generate revenues. Even if the costs incurred subsequently relate to the completion and refinement of the innovative solutions being tested and therefore fall within the scope of research and development costs, they have been charged to the income statement (with the exception of certain costs relating to the completion of activities commissioned to the universities involved in the project, whose costs have been capitalised on the basis of a useful life consistent with the residual life of the overall project, namely 5 years).

Industrial patent rights and intellectual property rights mainly include the residual value of software used for business activities.

Other intangible assets mainly include the non-separable leasehold improvements made to the production facilities at the Chivasso and Lombardore factory, which is used by the Company under a rental contract with Endurance Overseas S.r.l., and the work performed on plant and machinery held by the Company under finance lease contracts. These assets are amortised over their estimated technical useful lives or, if shorter, over the residual duration of the respective rental/ lease contracts.

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Development costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	-	248,837	1,626,472	2,751,264	4,626,573
Amortisation (Accumulated amortisation)	-	169,156	1,260,516	1,291,024	2,720,696
Writedowns	-	-	365,956	-	365,956
Carrying amount	**-**	**79,681**	**-**	**1,460,240**	**1,539,921**
Changes during the year					
Additions	-	27,641	-	207,226	234,867
Reclassifications (of the carrying amount)	-	-	-	1,196,199	1,196,199
Amortisation for the year	535,342	44,907	-	336,808	917,057
Other changes	1,873,696	55,019	-	412,442	2,341,157
Total changes	1,338,354	37,753	-	1,479,059	2,855,166
Carrying amount at the end of the year					
Cost	2,676,708	609,251	1,626,472	4,250,412	9,162,843
Amortisation (Accumulated amortisation)	1,338,354	491,817	1,260,516	3,703,511	6,794,198
Writedowns	-	-	365,956	-	365,956
Carrying amount	**1,338,354**	**117,434**	**-**	**546,901**	**2,002,689**

"Other changes" include the net balance of the intangible assets existing in the incorporated company at the time of the merger transaction, as detailed below:

	Development costs	Industrial patent rights and intellectual property rights	Other intangible assets	Total intangible assets
Increases for merger (Cost)	**2,676,708**	**332,772**	**2,943,601**	**5,953,081**
Increases for merger (Accumulated amortisation)	803,012	277,753	2,531,159	3,611,924
Effect of the merger transaction	**1,873,696**	**55,019**	**412,442**	**2,341,157**

Additions in the year relate in particular to licences, software and leasehold improvements, mainly work on the installations and utility connections at the Chivasso and Lombardore facilities.

The net balance of "Reclassifications (of the carrying amount)" includes the improvements made by the Company in previous years on a leased property which, given early redemption of the contract, have been reclassified to "Land and buildings" in tangible fixed assets.

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

At 31st March, 2019, gross tangible fixed assets total € 145,842,911 net of the related accumulated depreciation, considering revaluations of € 445,612 and write-downs of € 64,000; the related accumulated depreciation totals € 83,078,031, including the depreciation charge for the year of € 16,296,753.

The principal assets in this category comprise land and buildings (a net amount of € 7,646,694 at 31st March, 2019), including the Grugliasco and Chivasso production sites, and plant and machinery (with a net carrying amount of € 45,177,621 at 31st March, 2019) used in the Company's production activities. They underwent important investment, modernisation and automation programmes in recent years with a view to raising the Company's production capacity and competitiveness. "Assets under construction and advance payments" (€ 7,989,087 at 31st March, 2019) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	**Plant and machinery**	**Industrial and commercial equipment**	**Other tangible fixed assets**	**Assets under construction and advance payments**	**Total tangible fixed assets**
Balance at the beginning of the year						
Cost	2,876,038	23,456,609	1,522,505	659,848	110,352	28,625,352
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	225,186	15,215,298	1,337,444	488,367	-	17,266,295
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	**2,650,852**	**8,615,723**	**185,061**	**178,681**	**110,352**	**11,740,669**
Changes during the year						
Additions	3,984,388	17,424,842	1,315,259	133,165	7,971,087	30,828,741
Reclassifications (of the carrying amount)	1,204,199	5,516,427	23,036	-	(5,546,743)	1,196,919
Disposals (at carrying amount)	2,545	2,429,006	347,825	15,677	1,352	2,796,405
Depreciation for the year	278,393	14,516,864	1,376,247	125,249	-	16,296,753
Other changes	88,193	30,566,499	1,808,730	172,544	5,455,743	38,091,709
Total changes	4,995,842	36,561,898	1,422,953	164,783	7,878,735	51,024,211
Carrying amount at the end of the year						
Cost	8,648,475	109,496,774	17,507,890	1,819,073	7,989,087	145,461,299
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	1,001,781	64,693,565	15,899,876	1,482,809	-	83,078,031
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	**7,646,694**	**45,177,621**	**1,608,014**	**343,464**	**7,989,087**	**62,764,880**

"Other changes" in the above table show the changes in the carrying amount of tangible fixed assets, net of accumulated depreciation, resulting from the merger.

The following table provides details of other changes that took place because of the merger (these being the balances on the books of Endurance Fondalmec S.p.A. at the date of the merger, 1st April, 2018):

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Increases for merger (Cost)	132,670	66,262,974	15,312,433	1,141,252	5,455,743	88,305,072
Increases for merger (Accum depr.)	44,477	35,696,475	13,503,703	968,708	-	50,213,363
Effect on the carrying amount of the merger	**88,193**	**30,566,499**	**1,808,730**	**172,544**	**5,455,743**	**38,091,709**

"Land and buildings" have increased by € 3,984,388, mainly because of the advance redemption of a property lease contract for one of the two production locations in Chivasso (for a redemption value of € 3,675,755), as well as additional improvements on the production sites due to the need for more plant and machinery.

Increases in plant and machinery during the year (totalling € 17,242,842) related to the installation and modernisation of die casting plants and mechanical processing islands (machines, automation equipment and control devices) mainly aimed at completing the preparation and expansion of the second high-tech production line for Volkswagen (Zylinderkphaube project), as well as to increase the capacity of the various key products for major customers (especially FCA and GM – Cam Cover) to implement up-to-date technology, also in relation to the development guidelines of the automation and interconnection of production systems with a view to Industry 4.0.

As far as industrial and commercial equipment is concerned, increases refer to the purchase of equipment for the projects described above and for other production lines, as well as to replace and expand the mechanical processing islands used for existing products.

The net balance of "Reclassifications (of the carrying amount)" includes improvements made by the Company in previous years on a leased property, which were transferred from intangible assets on early redemption of the contract.

With reference to assets under construction and advance payments, the amount recorded during the year relates to the advances paid to primary suppliers of production systems and preparation of mechanical processing lines with a view to further expansion of production capacity to support the industrial plans of the Company and of the Endurance Group, mainly with reference to the increase in production by our German customers (VW Group in particular).

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets. It should also be noted that, given the signs of acceleration of the phase-out of certain parts reflected in the most recent estimates by customers, the Company has reviewed the useful life of certain assets (in particular, plant and machinery specifically dedicated to the production of the parts in question), reducing their residual useful life in line with the estimates based on the latest information that we have available.

Finance leases

Finance leases are recognised in accordance with the Italian tax regulations: this involves charging the lease instalments for the period to the income statement (€ 1,559,134 in 2018/2019). The adoption of finance lease methodology, as required by the international accounting standards, would have involved expensing the interest accrued on the loan principal and the depreciation of the leased assets, as well as capitalising those assets and recognising the residual loan principal as a payable.

Had the Company adopted the finance lease methodology, the accounting effects would have been as shown in the following table (which reports the figures for the previous year, the post-merger value, which therefore includes the contracts outstanding at 31st March, 2019 of both the Company and the merged company, as acquired on 1st April, 2018):

	Effects on the Balance Sheet - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year		8,102,443
	- of which the gross amount	22,617,376	
	- of which accumulated depreciation	(14,514,933)	
a.2)	Assets purchased under finance leases during the year		-
a.3)	Assets under finance leases redeemed during the year (net accounting redemption amount)		(4,062,744)
a.4)	Depreciation charge for the year		1,887,453
a.5)	Writedowns/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		3,381,866
	- of which the gross amount	16,264,016	
	- of which accumulated depreciation	(12,882,150)	
a.7)	Prepaid instalment interest at the end of the year		
a.8)	Curtailment of prepaid expenses under the balance sheet method		(182,246)
b)	**Redeemed assets**		
b.1)	Higher/lower total value of redeemed assets, determined using finance lease methodology, with respect to their carrying amounts at year end		(366,322)
	TOTAL [a.6+(a.7-a.8)+b.1]		**2,833,299**
	Effects on the Balance Sheet - Liabilities		
c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year		8,505,460
	- of which due within one year	5,053,590	
	- of which due beyond one and within 5 years	3,432,381	
	- of which due beyond 5 years	19,489	
c.2)	Implicit payables that arose during the year		
c.3)	Repayment of principal and redemptions during the year		5,053,590
c)	Implicit liabilities for finance leases at the end of the year		3,451,870
	- of which due within one year	1,104,842	
	- of which due beyond one and within 5 years	2,347,028	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Curtailment of prepaid expenses under the balance sheet method		-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**		**(618,570)**
e)	**Tax effect**		**172,581**
f)	**Effect on Shareholder's Equity at the end of the year (d-e)**		**(445,989)**
	Effects on the Income Statement		
g)	**Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)**	**(556,087)**	
g.1)	Reversal of instalments on finance lease transactions	1,559,134	
g.2)	Recognition of financial charges on finance lease transactions	(101,298)	
g.3)	Recognition of depreciation charges on outstanding contracts	(1,887,453)	
g.4)	Recognition of depreciation charges on redeemed assets	(126,470)	
g.5)	Recognition of adjustments/write-backs on leased assets	-	
h)	**Recognition of the tax effect**	**155,148**	
i)	**Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the balance sheet method actually used (g-h)**		**(400,938)**

Note that, on 27th April, 2018 with an agreement signed at the office of Notary Smirne in Turin, the company purchased for early redemption from the lease contract with Unicredit Leasing Spa, an industrial property located in Chiavasso for Euro 3,675,744.

The value of future lease instalments under outstanding lease contracts totals € 3,567,756 at 31st March, 2019.

Financial fixed assets

Financial assets amounted to € 3,000,284 at 31st March, 2019 and comprise equity investments, € 284 and non-current receivables from parent companies of € 3,000,000.

Equity investments refer to:

- € 129 concerning the incorporated company, relate to shares held in Unionfidi Piemonte S.C.;
- € 155, are unchanged since 31st March, 2018 and comprise the shares held in Confartigianato Fidi Piemonte and Nord Ovest S.C.p.A.

Changes in and maturity of non-current receivables

Non-current financial receivables represent the residual balance (€ 3,000,000) of the loan granted to the parent company Endurance Overseas S.r.l. by Endurance Fondalmec S.p.A., merged into Endurance S.p.A. in prior years, which earns interest at market rates. The Company does not apply the amortised cost method to measure this loan, as the contract was arranged prior to 1st April, 2016 and because the effect would be insignificant given the immateriality of the transaction costs and the application of market interest rates.

The following table shows the movements in financial fixed assets during the year:

	Balance at the beginning of the year	Change during the year due to the merger	Carrying amount at the end of the year	Within one year
Receivables due from parent companies	-	3,000,000	3,000,000	3,000,000
Total	**-**	**3,000,000**	**3,000,000**	**3,000,000**

Breakdown of non-current receivables by geographical area

We do not provide the analysis by geographical area, as it would not be meaningful, since these are all receivables due from Italian counterparties.

CURRENT ASSETS

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 19,824,006 at 31st March, 2019 and are stated net of an allowance for obsolete and slow-moving items totalling € 1,814,407.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
raw materials, ancillary materials and consumables	2,204,430	3,437,452	5,641,882
work in process and semi-finished products	2,666,517	5,423,656	8,090,173
finished products and goods	5,686,520	381,838	6,068,358
advances	**1,115,270**	**(1,091,677)**	**23,593**
Total	11,672,737	8,151,269	19,824,006

In order to understand the effects of the merger, the following table shows the effect on the individual items being commented on:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year
raw materials, ancillary materials and consumables	2,204,430	3,832,274	(394,822)	5,641,882
work in process and semi-finished products	2,666,517	5,923,890	(500,234)	8,090,173
finished products and goods	5,686,520	3,231,299	(2,849,461)	6,068,358
advances	1,115,270	-	(1,091,677)	23,593
Total	**11,672,737**	**12,987,463**	**(4,836,194)**	**19,824,006**

The "Increase due to the merger" includes the contribution made by the merged company's inventories as of 1st April, 2018, after eliminating intercompany profits.

During the year, there was a decrease in the net balance of inventories. This was due to the policies introduced to improve the efficiency of working capital as part of the optimisation of production processes, as well as to the procurement policies implemented by the Company.

Current receivables

These amount to € 26,187,954 at 31st March, 2019. These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Trade receivables	8,992,989	8,138,242	17,131,231	17,131,231	-
Receivables due from parent/controlling companies	122,069	223,705	345,774	18,774	327,000
Receivables due from companies under common control	7,471,946	(5,284,989)	2,186,957	2,186,957	-
Tax receivables	1,040,657	560,718	1,601,375	1,601,375	-
Deferred tax assets	947,853	2,699,130	3,646,983	-	-
Other receivables	128,015	285,518	413,533	413,533	-
Total	**18,703,529**	**6,622,324**	**25,325,853**	**21,351,870**	**327,000**

To better understand the changes in receivables, the following table shows the effects of the merger on these items:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Trade receivables	8,992,989	16,347,071	(8,208,829)	17,131,231	17,131,231	-
Receivables due from parent/ controlling companies	122,069	1,305,235	(1,081,530)	345,774	18,774	327,000
Receivables due from companies under common control	7,471,946	1,218,483	(6,503,472)	2,186,957	2,186,957	-
Tax receivables	1,040,657	2,558,076	(1,997,358)	1,601,375	1,601,375	-
Deferred tax assets	947,853	-	2,699,130	3,646,983	-	-
Other receivables	128,015	155,528	129,990	413,533	413,533	-
Total	**18,703,529**	**21,584,393**	**(14,962,069)**	**25,325,853**	**21,351,870**	**327,000**

The reduction in trade receivables (€ 17,131,231 at 31st March, 2019), is related to the change in the structure of the product/customer portfolio, also because of the merger, which led to an overall reduction in credit terms. Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 571,757, which increased by € 136,522 since last year.

The amounts due from the parent company refer to guarantee deposits for € 345,774 and to trade receivables outstanding with Endurance Overseas S.r.l.

The receivables from fellow subsidiaries include the trade receivables due from Endurance Castings S.p.A. (€ 1,486,674) directly controlled by Endurance Overseas S.r.l. and those from Endurance Amann GmbH (€ 700,283).

Tax receivables almost entirely consist of VAT recoverable from the Italian tax authorities (€ 1,578,858). During the year, the Company submitted a request for a partial rebate of its VAT credit, subsequently eliminating it from the financial statements on completion of a non-recourse assignment of the receivable to a leading credit institution.

Deferred tax assets amount to € 3,646,983 at 31st March, 2019 and mainly relate to differences between the carrying amount of goodwill in the statutory accounts and fiscal accounts, as well as in the deferred deductibility of risk provisions and the depreciation periods applied to fixed assets for tax purposes with respect to their estimated useful lives. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts. The increase during the year is attributable to higher provisions for future risks and charges of a commercial nature, as well as to the different time horizon used for calculating depreciation on fixed assets compared with those allowed for tax purposes.

Receivables from others (€ 413,533 at 31st March, 2019) include, among others, guarantee deposits paid to suppliers (€ 16,305), receivables from GSE, the nationale energy management authority (€ 34,225) for the contribution made by the Company's photovoltaic systems, as well as sundry other receivables.

Breakdown of current receivables by geographical area

It has not been deemed meaningful to provide a breakdown of receivables by geographical area, on account of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants located in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Description	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
financial assets for centralized cash management (cash pooling)	813,623	11,644,683	12,458,306
Total	**813,623**	**11,644,683**	**12,458,306**

The following table shows the effect of the merger on the item in question:

Description	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year
financial assets for centralized cash management (cash pooling)	813,623	4,251,753	7,392,930	12,458,306
Total	**813,623**	**4,251,753**	**7,392,930**	**12,458,306**

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements.

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	6,269,598	32,380,118	38,649,716
cash on hand	566	2,598	3,164
Total	**6,270,164**	**32,382,716**	**38,652,880**

The following table shows the effect of the merger on cash and cash equivalents:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	6,269,598	22,531,125	9,848,993	38,649,716
cash on hand	566	2,155	443	3,164
Total	**6,270,164**	**22,533,280**	**9,849,436**	**38,652,880**

This item principally comprises the balance on bank current accounts at 31st March, 2019.

The increase shows a treasury management attitude that aims to maintain a high level of liquidity, also taking advantage of favourable funding conditions on financial markets characterised by considerable uncertainty about the future trend in interest rates and about whether expansionary monetary policies will continue, the goal also being to guarantee the Company sufficient resources to support its growth strategies.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

Prepaid expenses at 31st March, 2019 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Accrued income	2,000	(2,000)	-
Prepaid expenses	656,267	19,438	675,705
Total prepaid expenses and accrued income	**658,267**	**17,438**	**675,705**

The table below shows the effects of the merger on the item in question:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year
Accrued income	2,000	13,154	(15,154)	-
Prepaid expenses	656,267	392,759	(373,321)	675,705
Total prepaid expenses and accrued income	**658,267**	**405,913**	**(388,475)**	**675,705**

Prepaid expenses mainly include the portions for future years relating to leasing fees, insurance costs and other costs.

EXPLANATORY NOTES, LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholder's equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholders' equity items

With reference to the year just ended, the table below sets out changes in the components of shareholder's equity, as well as details of other reserves, if any.

The changes in shareholder's equity during the prior year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Carrying amount at the end of the year
Share capital	382,200	-	-	-	382,200
Revaluation reserves	759,440	-	-	-	759,440
Legal reserve	197,920	-	-	-	197,920
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	186,181	-	-	-	186,181
Retained earnings (accumulated losses)	3,774,291	(2,000,000)	3,211,369	-	4,985,660
Net income (loss) for the year	3,211,369	-	(3,211,369)	4,684,369	4,684,369
Total	**13,474,059**	**(2,000,000)**	**-**	**4,684,369**	**16,158,428**

The changes in shareholder's equity during the year are analysed below, they also include the changes due to the merger:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Carrying amount at the end of the year
Share capital	382,200	-	4,617,800	-	-	5,000,000
Revaluation reserves	759,440	-	-	1,722,226	-	2,481,666
Legal reserve	197,920	-	-	600,000	-	797,920
Extraordinary reserve	4,962,658	-	-	-	-	4,962,658
Other reserves	186,181	-	-	21,714,311	-	21,900,492
Retained earnings (accumulated losses)	4,985,660	-	(1,933,431)	4,617,801	-	7,670,030
Net income (loss) for the year	4,684,369	(2,000,000)	(2,684,369)	-	11,925,670	11,925,670
Total	**16,158,428**	**(2,000,000)**	**-**	**28,654,338**	**11,925,670**	**54,738,436**

The column "other changes - Increases" includes the incremental effects that shareholders' equity registered in connection with the merger (note in particular that "retained earnings" incorporate the effects of the € 2,000,000 of dividends distributed by the merged company Endurance Fondalmec S.p.A., which took place before the date on which the merger became legally effective, namely 1st January, 2019).

The share capital has risen to € 5,000,000 by means of a free capital increase to service the merger (effective on completion), using the available reserves, as resolved by the Extraordinary Shareholders' Meeting held on 19th September, 2018, with a deed by Notary Agostini in Milan (rep. 81162 and rec. 15637).

In view of the increase in share capital, the previous share certificates were cancelled and new ones issued; as required by art. 47, para. 5. of Pres. Decree 917/1986, it is confirmed that share capital at 31st March, 2019 amounts to € 5,000,000, represented by 5,000,000 shares with a nominal value of € 1.00 each.

This amount comprises:

- € 382,000 from real contributions in cash;
- € 4,617,800 from the virtual contribution of the bonus issue mentioned above.

Shareholder's equity includes the following:

- Reserves or other provisions that, in case of distribution, would form part of the Company's taxable income, regardless of when they arose, including revaluation reserve pursuant to Law 342/00, of € 1,551,755, net of related substitute tax;
- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, which were used for the bonus capital increase authorised at the extraordinary shareholder's meeting held on 20th November, 2000 (using € 170,471 from the pre-existing revaluation reserve created pursuant to Law 72/83).

Availability and use of shareholders' equity

The following table provides details of the components of shareholder's equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	**Amount**	**Origin/ Nature**	**Potential utilisation**	**Amount available**
Share capital	5,000,000	Share capital		-
Revaluation reserves	2,481,666	Share capital	A; B	-
Legal reserve	797,920	Revenue	B	-
Extraordinary reserve	4,962,658	Revenue	A; B; C	4,962,658
Other reserves	21,900,492	Revenue	A; B; C	21,900,492
Retained earnings (accumulated losses)	7,670,030	Revenue	A; B; C	7,670,029
Total	**42,812,766**			**34,533,179**
Amount not distributable				4,985,337
Residual amount distributable				29,547,843
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The amount not distributable, determined in accordance with art. 2426 c.c., covers unamortised development costs totalling € 1,338,354 and deferred tax assets of € 3,646,983, which are also deemed to represent unrealised assets.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs. The following table shows the changes in provisions for risks and charges.

	Balance at the beginning of the year	**Changes during the year - Provision**	**Changes during the year - Other changes**	**Changes during the year - Total**	**Carrying amount at the end of the year**
Derivative financial instruments	-	2,650	4,898	7,548	7,548
Provision for current and deferred taxation	-	(497)	497	-	-
Other provisions	113,965	3,500,000	307,863	3,807,863	3,921,828
Total	**113,965**	**3,502,153**	**313,258**	**3,815,411**	**3,929,376**

Other provisions

Provisions were made in the year to cover various liabilities (mainly trade ones), and were based on the best estimate with reference to the information available. The increase shown in the "other changes" column refers to the acquisition by the merging company of risk provisions of the same kind at the merged company, as part of the merger operation.

Employee termination indemnities

Employee termination indemnities amount to € 1,835,814 at 31st March, 2019. Changes are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Uses	Changes during the year - Other changes	Changes during the year - Total	Carrying amount at the end of the year
Provision for employee termination indemnity	1,385,016	146,233	38,065	342,630	450,798	1,835,814
Total	**1,385,016**	**146,233**	**38,065**	**342,630**	**450,798**	**1,835,814**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded during the period are advances on termination indemnities paid to employees (€ 38,065), whereas the column regarding other changes refers to acquisition of the balance on this item due to the merger.

The charge for the year (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable.

Payables

Payables total € 102,749,526 at 31st March, 2019. Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1st April, 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	5,738,120	32,663,772	38,401,892	13,976,090	24,425,802
Trade payables	23,098,986	30,672,331	53,771,317	53,771,317	-
Payables due to parent/controlling companies	851,276	1,045,304	1,896,580	1,896,580	-
Payables due to companies under common control	637,962	940,684	1,578,646	1,578,646	-
Tax payables	287,752	206,870	494,622	494,622	-
Due to pension and social security institutions	159,941	1,522,223	1,682,164	1,682,164	-
Other payables	2,935,069	1,989,236	4,924,305	4,868,055	56,250
Total	**33,709,106**	**69,040,420**	**102,749,526**	**78,267,474**	**24,482,052**

In order to better understand the changes to the items, the following table illustrates the impact of the merger:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	5,738,120	29,702,568	2,961,204	38,401,892	13,976,090	24,425,802
Trade payables	23,098,986	32,156,846	(1,484,515)	53,771,317	53,771,317	-
Payables due to parent/controlling companies	851,276	1,083,604	(38,300)	1,896,580	1,896,580	-
Payables due to companies under common control	637,962	8,266,167	(7,325,483)	1,578,646	1,578,646	-
Tax payables	287,752	242,540	(35,670)	494,622	494,622	-
Due to pension and social security institutions	159,941	947,044	575,179	1,682,164	1,682,164	-
Other payables	2,935,069	2,751,180	(761,944)	4,924,305	4,868,055	56,250
Total	**33,709,106**	**75,149,949**	**(6,109,529)**	**102,749,526**	**78,267,474**	**24,482,052**

Amounts due to banks include both the current portion (€ 13,976,090) and the portion due beyond 12 months (€ 24,425,802) of loans obtained from major banks related to outstanding contracts.

Amounts due to banks, net of the effects of the merger, recorded an increase compared with the previous year due to the combined effect of the repayments made on the contractual maturities during the year of € 15,011,281, new loans (for an amount, net of transaction costs, of € 18,000,000) and the adjustment of liabilities measured at amortised cost (which resulted in a decrease in liabilities, including the impact of the merger, of € 32,038).

With reference to the new loans stipulated during the year, the following agreements were signed:

- an unsecured loan: nominal amount of € 10,000,000 with Mediocredito Group in October 2018 (5 years duration):
- an unsecured loan: nominal amount of € 5,000,000 with BNL Group in December 2018 (5 years duration):
- an unsecured loan: nominal amount of € 3,000,000 with Cariparma/Credit Agricole Group in February 2019 (5 years duration).

The following is a breakdown of medium-term loans outstanding at 31st March, 2019:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at 31st March, 2018	Within one year	Beyond one year
Intesa Sanpaolo	3,000,000	11/05/2015 - 4	214,286	214,286	-
UBI (**)	2,000,000	14/07/2016 - 3	337,523	337,523	-
Intesa Sanpaolo (**)	2,890,000	30/01/2018 - 2	1,445,000	1,445,000	-
CREDEM (*)	3,000,000	19/12/2014 - 5	460,769	460,769	-
Unicredit (*)	5,000,000	14/07/2015 - 4	625,000	625,000	-
Cariparma	2,000,000	21/10/2015 - 5	709,410	404,191	305,219
MPS	3,000,000	27/11/2015 - 5	1,050,000	600,000	450,000
Intesa San Paolo	10,000,000	18/12/2015 - 5	3,703,704	2,222,222	1,481,482
BNL (**)	3,500,000	13/07/2016 - 5	1,750,000	700,000	1,050,000
Banca del Mezzogiorno (**)	4,000,000	14/07/2016 - 5	1,837,097	808,852	1,028,245
UBI (**)	3,000,000	27/03/2017 - 5	1,815,707	599,930	1,215,777
Gruppo Banco Popolare (**)	10,000,000	30/11/2017 - 5	7,513,281	1,995,435	5,517,846
Mediocredito (**)	10,000,000	26/10/2018 - 5	9,000,000	2,000,000	7,000,000
Banca Nazionale del Lavoro (**)	5,000,000	07/12/2018 - 5	5,000,000	1,000,000	4,000,000
Cariparma - Credit Agricole (**)	3,000,000	20/02/2019 - 5	3,000,000	588,668	2,411,332
Amortised cost adjustment	-	-	(59,885)	(25,786)	(34,099)
Total	**69,390,000**		**38,401,892**	**13,976,090**	**24,425,802**

(*) These loans are assisted by guarantees from SACE S.p.A.
(**) Financial payables recognised using the amortised cost method.

Contracts bear interest at 3-month or 6-month Euribor plus a spread of between 0.60% for more recent contracts and 1.75% for less recent ones, depending on market conditions at the time of signing and the duration of the loan.

With regard to trade payables (€ 53,771,317 at 31st March, 2019), the change recorded during the year, net of the contribution deriving from the merger, is represented by a decrease of € 1,484,515, consistent with the dynamics of procurement of the last part of the year.

Payables due to parent companies total € 1,896,580 and relate for € 1,422,352 to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis, for € 474,227 to payables to the parent company for the domestic tax group, adopted pursuant to arts 117/129 of the Consolidated Tax Law.

Payables due to fellow subsidiaries include trade payables to Endurance Castings S.p.A. (€ 651,103), to Endurance Engineering s.r.l. (€ 920,716), both direct subsidiaries of Endurance Overseas S.r.l. and to Endurance Amann GmbH (€ 6,827), a subsidiary of Endurance Technologies Limited.

Tax payables total € 494,622 and comprise the residual IRAP liability for the year, € 233,635, as well as various payroll withholdings.

Other payables totalling € 4,924,305 principally include amounts due to employees for payroll and related accruals (€ 4,530,632), guarantee deposits received (€ 56,250) and other amounts due.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured on the assets of the Company. In this regard however, the loan arranged in 2015/2016 by the merged company Endurance S.p.A. with Intesa Sanpaolo is guaranteed by a mortgage on certain industrial buildings, owned by Endurance Overseas S.r.l., that are leased to the Company.

Accrued expenses and deferred income

This caption is analysed below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Deferred income	32,558	1,418,893	1,451,451
Total accrued expenses and deferred income	**32,558**	**1,418,893**	**1,451,451**

The following table explains the effects of the merger on the item in question:

	Balance at the beginning of the year	Increases due to the merger	Changes during the year	Carrying amount at the end of the year
Deferred income	32,558	2,070,745	(651,852)	1,451,451
Total accrued expenses and deferred income	**32,558**	**2,070,745**	**(651,852)**	**1,451,451**

The change for the year includes the acquisition of the balances deriving from the merger.

Deferred income includes mainly portion of commercial incomes and other income for grants relating to future years. In particular, grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years, and to grants related to R&D activities eligible for the tax credit available pursuant to art. 1, para. 35, of Law 190 dated 23rd December 2014.

EXPLANATORY NOTES, INCOME STATEMENT

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The following table gives details of the items making up value of production for FY 2018-19 and comparative figures for the previous year, though they are not directly comparable due to the business combination:

Description	Year 2018/2019	Year 2017/2018	Change
1) Revenues from sales of goods and services	195,933,588	74,859,841	121,073,747
2) Change in inventories of WIP, semi-finished and finished products	(3,465,537)	570,438	(4,035,975)
4) Increases in non-current assets from in-house production	80,304	-	80,304
5) Other income and revenues			
Grants	980,323	102,771	760,117
Other	2,508,215	565,645	2,060,005
Total	**196,036,893**	**76,098,695**	**119,938,198**

Revenues from sales (including income from the contractual sale to customers of specific production equipment) maintained a substantially stable turnover, despite slowdown signs in the reference market. This performance benefited in particular from the growth in the German market, in particular the German customer Volkswagen and to a lesser extent Daimler and BMW, which partly offset the contraction in the Italian market, especially the FCA group, and in international ones. For a comparison of homogeneous figures, please refer to what is indicated in the report on operations.

The increase in non-current assets from in-house production mainly reflects the capitalisation of industrial equipment costs (€ 80,304) carried out with the use of Company's materials and workforce.

Other revenues include income deriving from the recovery of packaging costs from customers and other rebates (€ 280,551), insurance reimbursements (€ 266,432) mainly received for damages caused by atmospheric events the previous year, charges of various kinds (€ 1,247,378), rentals received from third parties of owned property (€ 225,000) and miscellaneous sales, as well as the current portion of capital and operating grants obtained during the year (€ 980,323) in connection with the use of PV equipment and tax credits related to investments in plant and machinery ("Tremonti ter") and the R&D costs mentioned above.

Analysis of revenues from sales and services by category of activity

Revenues from sales and services relate entirely (€ 195,933,588) to income from the Company's core business, comprising the engineering and foundry components for the automotive market and related activities.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area

Countries	Year 2018/2019	Ratio %
ITALY	116,976,303	60%
GERMANY	46,033,959	23%
FRANCE	538,011	0%
POLAND	7,284,594	4%
OTHER EUROPEAN COUNTRIES	23,643,999	12%
OTHER NON-EU COUNTRIES	1,456,723	1%
TOTAL	**195,933,588**	**100%**

Cost of production

Costs and charges stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, according to OIC 12. As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter. In the case of the purchase of services, the costs are recorded when the service has been received, or when provision of the service has been completed; if the services are provided on a continuous basis, the costs are recorded for the amount accrued.

Description	Year 2018/2019	Year 2017/2018	Change
Cost of raw and ancillary materials, consumables and goods for resale	97,543,193	29,026,751	68,516,442
Cost of services	28,926,339	21,719,776	7,206,563
Lease and rental charges	4,948,904	2,574,530	2,374,374
Payroll costs			
Wages and salaries	18,829,335	8,680,935	10,148,400
Social contributions	5,086,065	2,071,728	3,014,337
Employee termination indemnity	931,477	369,876	561,601
Other costs	251,344	97,656	153,688
Amortisation of intangible assets	917,057	570,112	346,945
Depreciation of tangible fixed assets	16,296,753	3,396,126	12,900,627
Writedown of receivables included in current assets	136,522	87,975	48,547
Change in inventory of raw and ancillary materials, consumables and goods	278,981	(319,641)	598,622
Provisions for risks	3,500,000	-	3,500,000
Other operating expenses	2,188,035	498,566	1,689,469
	179,834,005	**68,774,390**	**111,059,615**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The items in question, whose incidence on the value of production is lower overall than the comparative figures, show a change in the related weight of the individual items, in consideration of the effects of the merger on the cost structure. This is the case particularly for integration of the supply chain, with reference to the die casting of metal parts (mainly aluminium) and subsequent machining, which have transformed the Company into a player that is directly active in the entire supply chain of this type of automotive component.

Payroll costs

Payroll costs comprise the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7.

Lease and rental charges

This item mainly includes the rental of operating facilities used by the Company charged by Endurance Overseas S.r.l., as well as finance lease charges relating to plant and machinery employed in the production process. The reduction in the weighting of this item is mainly related to the effects of early redemption of property leases, as well as the effects of the merger, given the lower weighting of these costs for the merged company.

Depreciation and amortisation

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. There has been an increase (which can also be seen in relation to the impact on the value of production) in the depreciation and amortisation of tangible and intangible assets compared with the previous year. This is a direct effect of the significant investments made during the year and those immediately preceding it (especially by the merged company) in support of the Company's new production initiatives. It is also due to the changes made to the estimated residual useful life of certain fixed assets because of updated information on the timing by which certain specific products are going to be phased out.

Provision for risks

This item includes provisions for risks, mainly of a commercial nature, made by the Company during the year, based on an estimate of future charges that may arise in relation to the contractual conditions in force with the main commercial counterparties. These are based on the best estimate, determined according to available elements, of possible future cash outlays in relation to mitigated risks.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income from the parent company (€ 65,449) comprises the interest recognised by Endurance Overseas S.r.l. in relation to the outstanding loan (€ 3,000,000 at 31st March, 2019) and the credit balances on the cash pooling account.

Financial charges (€ 494,791) principally include the interest charged on the various loans obtained from third-party lenders.

Net foreign exchange losses (€ 11,560 in 2018-19) refer almost exclusively to losses realised on transactions expressed in currencies other than the euro, which is the Company's functional currency (US dollars, in particular).

Adjustments to financial assets and liabilities refer entirely to changes in the fair value of the derivatives used by the Company and were carried out in order to bring them into line with their market value.

A comparison with the prior year is presented in the following table:

Description	Year 2018/2019	Year 2017/2018	Change
Writedown of derivative contracts	3,341	5,818	2,477

Amount and nature of revenues/costs of individual significance

During the current year, no revenues, costs or other components deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2018-19	Year 2017/2018
Income taxes	**3,870,318**	**2,503,732**
Current taxation		
of which: IRES for the year (current)	4,435,873	1,969,158
of which: IRAP for the year (current)	1,114,935	468,701
of which: Taxation relating to prior years	(100,544)	(90,727)
Deferred taxation	(1,579,946)	156,600

Recognition of deferred tax assets and liabilities and their impact

	IRES tax	IRAP tax
A) Temporary differences		
Total deductible temporary differences	348,459	326,358
Total taxable temporary differences	6,011,683	5,987,179
Net temporary differences	5,663,224	5,660,821
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(1,504,312)	(243,001)
Deferred tax liability (assets) of the year	(1,359,174)	(220,772)
Provision for deferred tax liability (assets) at the end of the year	(2,863,486)	(463,773)

Deferred tax assets and liabilities have been calculated using the rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The reversal of deferred tax assets during the year mainly refers to production costs with deferred deductibility that have become definitive and to changes in the items subject to temporary misalignment between the statutory and the tax values (e.g. goodwill, certain tangible fixed assets and provisions for writedowns).

The provision for deferred tax assets recorded during the year refers to temporary differences arising from the above provisions for risks and to the misalignment of depreciation based on the estimated useful life of assets for accounting purposes and that applied for tax purposes.

EXPLANATORY NOTES, OTHER INFORMATION

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The average number of employees is analysed by category below, also taking into account the workforce of the absorbed company.

	Executives	White collar	Blue collar	Total employees
Average number	6	95	327	428

The personnel at 31st March, 2019 (which only includes employees of the company) is 416, of which 227 referring to the merged company.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Board of Statutory Auditors
Fees	70,980

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services:

	Legal audit of the annual financial statements	Other audit services	Total fees earned by the legal auditor or auditing firm
Amount	20,475	1,050	21,525

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India)	
India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin)	
Turin Chamber of commerce		

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amount in Euro), grouped by counterparty:

Type of contract	Number of contracts	Original notional value	Notional at 31/03/2019	Fair value at 31/03/2019
Interest rate Swap	2	13,126,630	5,450,703	(7,548)
Interest rate CAP	3	8,714,285	1,548,695	-
TOTAL			**6,999,398**	**(7,548)**

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management control and coordination by its indirect parent company, Endurance Technologies Limited, with registered office at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2018 (source www.ecb.europa.eu) was 80.2960 (69.3965 at 31st March, 2017):

Balance sheet	Financial statements for the year ended 31st March, 2018	Financial statements for the year ended 31st March, 2017
Assets		
Non-current assets		
Fixed assets, net	10,181.26	8,798.80
Investments and other non-current assets	5,550.27	5,456.61
Current assets	**10,323.57**	**8,245.55**
Total Assets	**26,055.10**	**22,500.96**
Liabilities and shareholders' equity		
Shareholder's equity	**17,922.58**	**15,630.64**
Non-current liabilities		
Non-current financial liabilities	49.58	198.52
Other non-current liabilities	63.25	187.91
Current liabilities		
Current financial liabilities	7,072.36	5,520.23
Other current liabilities	947.33	963.66
Total liabilities and shareholders' equity	**26,055.10**	**22,500.96**

Income Statement	Financial statements for the year ended 31st March, 2018	Financial statements for the year ended 31st March, 2017
Revenues	**47,874.05**	**42,926.99**
Operating costs	41,786.44	38,091.04
Depreciation and amortisation	1,696.31	1,668.57
Financial charges	102.49	178.57
Non-recurring income/(expense)	(268.78)	-
Income before tax	**4,020.03**	**2,988.81**
Taxation for the year (current and deferred)	1,304.00	773.84
Income (loss) for the year	**2,716.03**	**2,214.97**
OCI - Other comprehensive income	(0.84)	(17.83)
Total statement of comprehensive income	**2,715.19**	**2,197.14**

The following section describes relations with the company that provides management control and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Starting from the 2018-19 financial statements, art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

In consideration of the fact that this provision has raised questions of interpretation and application that are still unresolved, the Company has carried out investigations and, also in the light of the latest guidelines, considers that they do not fall within the scope of the disclosure requirement:

- general measures addressed to all companies in application of current tax laws; such as the so-called ACE (aid for economic growth) or the benefits recorded in relation to the accrual of tax credits for research and development costs (impact on the income statement for a total of € 705.804, of which € 549.297 is offset against taxes paid during the year) or for investments in business assets (such as Legislative Decree No. 91/2014, the so-called "Tremonti-quater", for which the Company recorded income for the year of € 157,084, without any impact in terms of cash flows);
- the contributions foreseen for certain types of tax payers based on the activity produced, such as those relted to "energy-intensive businesses". Despite the fact that the Company is registered on the list of eligible companies, it did not benefit from them during the year, waiting for

completion of the data validation procedures by the authorities;

- grants for training activities co-financed by Fondimpresa and Fondirigenti amounting to € 25,949 and € 30,000 respectively;

- the contributions received for a research and development project co-financed by Finpiemonte and the Piedmont Region under the PRO-FESR 2014-2020 funds (for a total of € 242.351).

Proposed allocation of profits or coverage of losses

To the Shareholder,

Given all of the above, the Board of Directors recommends allocating the net income for the year of € 11,925,670 as follows:

- € 202,080 to the Legal reserve (up to the limit prescribed by art. 2430 of the Italian Civil Code);

- € 11,723,590 to retained earnings.

EXPLANATORY NOTES, CLOSING SECTION

To the Shareholder,
We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31st March, 2019, together with the proposed allocation of the net result for the year, as submitted by the Board of Directors.
The financial statements are true and real and agree with the books of account.

Chivasso, 10th May, 2019

For the Board of Directors
The Managing Director

Samuele Gabutto

ENDURANCE S.p.A.

Statutory financial statements as of 31st March, 2019

Independent Auditor's Report

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

To the Sole Shareholder of

ENDURANCE S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2019, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the fact that, as indicated in paragraph "Key events" of the report on operations and in paragraph "Comparability of the previous year figures" of the explanatory notes, during the year Endurance Fondalmec S.p.A. has been merged by incorporation in Endurance Foa S.p.A., which subsequently has been renamed Endurance S.p.A. Such transaction was assigned legal effects from January 1, 2019, with accounting and tax effects backdated to April 1, 2018. In this context, for a better understanding of the financial and economic performances of the Company and to provide with more comparable data, in paragraphs "Financial position" and "Economic Results" of the report on operations the Company's Directors presented a "pro-forma" balance sheet and a "pro-forma" income statement relating to the previous year.

Our opinion on the financial statements for the year is not modified in respect of this matter.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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.

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

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance S.p.A. as at March 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 13, 2019

This report has been translated into the English language solely for the convenience of international readers.

Report of the Board of Statutory Auditors

Statutory financial statements for the year ended 31st March, 2019

Report to the Shareholders' Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code. - Administrative supervision

During the course of the financial year ended 31st March, 2019, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

During the year ended 31st March, 2019, Endurance S.p.A. continued to carry out its corporate activities, which are reported by the Board of Directors in the Report on Operations to the Financial Statements, also describing the regulatory framework governing the company's activities and related developments, as well as the main risks to which the Company is exposed.

It is our duty to recall, without this having changed the opinion of the Board of Statutory Auditors, that, as pointed out by the Directors and by the Indepedent Auditors in the respective reports - to which reference is made - during the year the merger by incorporation of Endurance Fondalmec S.p.A. into Endurance S.p.A. (formerly Endurance Foa S.p.A.) took place.

As indicated by the Directors, to the aforementioned merger was attributed legal effects from 1st January, 2019 and accounting and tax effects from 1st April, 2018. In this context, the Directors provided a details of the accounting effects of the business combination in the Report on Operations, to which reference should be made for further information.

Activities carried out by the Board of Statutory Auditors during the year ended 31st March, 2019

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and based on the information obtained, we have no particular findings to report.

We met with the Independent Auditors and based on information acquired, no significant issues arose that require disclosure in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code.

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Information on the financial statements

The draft financial statements for the year ended 31st March, 2019, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet
- Income statement
- Statement of cash flows
- Explanatory notes

BALANCE SHEET

Description	FY 2019	FY 2018	Difference
Fixed assets	67,767,853	13,280,753	54,487,100
Current assets	96,261,045	37,460,053	58,800,992
Prepaid expenses and accrued income	675,705	658,267	17,438
Total assets	**164,704,603**	**51,399,073**	**113,305,530**

Description	FY 2019	FY 2018	Difference
Shareholders' equity	54,738,436	16,158,428	38,580,008
Provision for risks and charges	3,929,376	113,965	3,815,411
Provision for employee termination indemnity	1,835,814	1,385,016	450,798
Payables	102,749,526	33,709,106	69,040,420
Accrued expenses and deferred income	1,451,451	32,558	1,418,893
Total liabilities and shareholders' equity	**164,704,603**	**51,399,073**	**113,305,530**

INCOME STATEMENT

Description	FY 2019	FY 2018	Difference
Value of production	196,036,893	76,098,695	119,938,198
Revenues from sales of goods and services	195,933,588	74,859,841	121,073,747
Production costs	179,834,005	68,774,390	111,059,615
Difference between production value and cost	16,202,888	7,324,305	8,878,583
Result before taxes	15,795,988	7,188,101	8,607,887
Income taxes for the year, current and deferred	3,870,318	2,503,732	1,366,586
Profit (loss) for the year	**11,925,670**	**4,684,369**	**7,241,301**

We have examined the draft financial statements for the year ended 31st March, 2019, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited our monitoring activity to the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31st March, 2019 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 5, of the Italian Civil Code, no start-up costs are recorded, while development costs for a net carrying value of € 1,338,354 as at 31st March, 2019 have been recorded with our approval, having verified the requisites.
- pursuant to art. 2426 para. 6 of the Italian Civil Code, it should be noted that no goodwill was recorded under intangible assets in the financial statements related to the year ended 31st March, 2019.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

RESULT FOR THE YEAR

The net result ascertained by the Directors for the year ended 31st March, 2019, as shown in the financial statements, is positive for € 11,925,670.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

CONCLUSION

Also considering the results of the work performed by the independent auditors, as explained in their audit report, issued on 13th May, 2019, with no exceptions or remarks and including an information paragraph concerning the merger by incorporation mentioned above and the relative effects on the comparability of the figures for the previous year, we unanimously believe that there are no reasons why the Shareholders' Meeting should not approve the draft annual financial statements for the year ended 31st March, 2019, as drafted and proposed by the Directors.

Milano, 13th May, 2019
The Board of Statutory Auditors
Signed by Fulvio Mastrangelo
Signed by Fabio Greco
Signed by Massimo Carera

Endurance Engineering S.r.L.

TORINO (Turin), Italy

Report on Operations and Financial Statements
for the year ended 31st March, 2019

ENDURANCE ENGINEERING SRL

Head office: STRADA DEL CASCINOTTO 135/A TORINO (Turin)

Register to the Turin Companies Register

Tax Code and Turin Companies Register No. 11081890011

Turin Chamber of Commerce no. 1186114

Quota capital: € 100,000.00 subscribed and fully paid

VAT Number: 11081890011

Sole quotaholder company

Management control and coordination: ENDURANCE OVERSEAS SRL

Report on Operations

Financial statements for the year ended 31st March, 2019

To the Quotaholders,

The explanatory notes provide disclosures on the financial statements for the year ended 31st March, 2019; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

INFORMATION ON THE COMPANY

Matters concerning the economy in general and the results of operations:

In 2018, the global economy turned in positive overall growth, but this was the result of a dynamic first half, followed by a slowdown in the second half.

According to the preliminary estimates released by the World Bank, real Gross Domestic Product (GDP) grew by 3% with different situations in the various macro areas (USA +2.9%, Eurozone +1.9%, Japan +0.8 %, China +6.5%, India +7.3% and Brazil +1.2%).

In Italy, there was growth for the fifth year running, but with an annual increase of only +0.9% due to a sharp deceleration in the second half of the year, culminating with a fourth quarter in technical recession. The slowdown in growth is mainly attributable to weak private consumption and a lower contribution from net exports (-0.1%).

The automotive industry had a trend similar to the macroeconomic context. In the European Union new car registrations in the period corresponding to the financial year (from April, 2018 to March, 2019) grew in the first and second quarters (+5.1% and +1.6% respectively) while in the third and last quarter they showed a significant decline (-7.8% and -3.3% respectively). Overall registrations have reached a lower level than the previous year (-1%). Among the factors that contributed to the decline in the second half of the year, an important one was the introduction of the new vehicle consumption test methodology (WLTP - Worldwide Harmonised Light Vehicles Test Procedures). It was first introduced on 1st September, 2017, but only for new models needing approval, whereas from September 2018 it was extended to all newly registered cars. Several car manufacturers have suffered delivery delays due to the complexity of the new procedure, which takes into account all the optional contents that influence the aerodynamics, rolling resistance and mass of the vehicle, determining a CO_2 value that more faithfully reflects the characteristics of the individual vehicle, but involves having to test various types of kit on the same model.

The WLTP procedure will gradually replace the NEDC procedure and both WLTP and NEDC consumption and CO_2 emissions data will be shown in the vehicle's documents until the end of 2020. From 2021, WLTP data will be the only CO_2 consumption/emissions data given for all cars. Second-hand vehicles will not be affected by this step and will retain their certified NEDC values.

The trend in registrations by individual car manufacturers shows the consolidation of VW's European leadership (-1.3%, with a market share of 23.9%, the same as the previous year) followed by Renault (+0.3 %, with a market share of 10.8% compared with 10.6% the previous year), PSA (excluding its acquisition of Opel at +3.4% and a market share of 10.6% from 10.2%), FCA (-4.1% and a market share of 6.5% from 6.7%), BMW (-1.1%, with a stable market share of 6.6%), Daimler (- 3.3% and a 6.1% market share from 6.3%), Opel (-4.6% and a 5.7% market share from 5.9%) and other manufacturers (-0.8% with a share of 29.9%).

Of the particular phenomena that can be deduced from the trend in European registrations, it is worth mentioning the continuous reduction in diesel vehicle registrations (-18.3% in the calendar year) and the increase in petrol vehicles (+12.8% in the calendar year) as well as alternative power vehicles (LPG/CNG, hybrid and electric cars), +30.4% in the calendar year, with a market share of 7.3% compared with 5.6% the previous year (of which pure electric vehicles have a 2% share).

In this market context, even though turnover is more or less the same in terms of volume, the Company still managed to achieve an overall improvement in its operating results, as detailed below.

Key events

The commercial activity carried on during the year made it possible to acquire new contracts that will bring about an annual turnover of approximately Euro 4 million. The new contracts, especially from FCA, will go into production in 2019, 2020 and 2021.

During the year the Company was subject to verification by the Guardia di Finanza - Customs Section and Intra-community VAT - who carried out an inspection on fiscal year

2016. With the Verification Report issued by the Guardia di Finanza on 3rd May, 2019, the company is charged with a failure to pay VAT of € 17,129. This amount has not been provided for in the financial statements as it is considered an improbable contingent liability. The conclusions of the financial administration have already been the subject of counter-arguments by the Company, which reserves the right to appeal in order to assert its reasons.

Management policy and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October, 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities which might require an indication of the reasons and interests affecting them.

FINANCIAL POSITION

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	FY 2019	%	FY 2018	%	Change	% Change
WORKING CAPITAL	**8,324,328**	**83.01 %**	**8,384,337**	**79.55 %**	**(60,009)**	**(0.72) %**
Immediate liquidity	**1,027,864**	**10.25 %**	**1,616,013**	**15.33 %**	**(588,149)**	**(36.40) %**
Cash and cash equivalents	1,027,864	10.25 %	1,616,013	15.33 %	(588,149)	(36.40) %
Deferred liquidity	**5,526,049**	**55.11 %**	**4,363,118**	**41.40 %**	**1,162,931**	**26.65 %**
Current receivables included in working capital	1,936,767	19.31 %	2,361,351	22.41 %	(424,584)	(17.98) %
Financial assets	3,455,358	34.46 %	1,900,937	18.04 %	1,554,421	81.77 %
Prepaid expenses and accrued income	133,924	1.34%	100,830	0.96%	33,094	32.82%
Inventories	**1,770,415**	**17.66%**	**2,405,206**	**22.82%**	**(634,791)**	**-26.39%**
FIXED ASSETS	**1,703,444**	**16.99 %**	**2,154,861**	**20.45 %**	**(451,417)**	**(20.95) %**
Intangible assets	34,289	0.34 %	486,199	4.61 %	(451,910)	(92.95) %
Tangible fixed assets	1,142,810	11.40 %	1,308,668	12.42 %	(165,858)	(12.67) %
Financial fixed assets	505	0.01 %	505	-	-	-
Non-current portion of receiv. included in work capital	525,840	5.24 %	359,489	3.41 %	166,351	46.27 %
CAPITAL EMPLOYED	**10,027,772**	**100.00 %**	**10,539,198**	**100.00 %**	**(511,426)**	**(4.85) %**

Balance Sheet - Liabilities and Equity

Item	FY 2019	%	FY 2018	%	Change	% Change
CAPITAL ATTRIBUTABLE TO THIRD PARTIES	**5,616,064**	**56.01 %**	**6,298,148**	**59.76 %**	**(682,084)**	**(10.83) %**
Current liabilities	**3,871,707**	**38.61 %**	**4,481,713**	**42.52 %**	**(610,006)**	**(13.61) %**
Current payables	3,826,511	38.16 %	4,438,773	42.12 %	(612,262)	(13.79) %
Accrued expenses and deferred income	45,196	0.45 %	42,940	0.41 %	2,256	5.25 %
Non-current liabilities	**1,744,357**	**17.40 %**	**1,816,435**	**17.24 %**	**(72,078)**	**(3.97) %**
Non-current payables	1,139,883	11.37 %	1,535,221	14.57 %	(395,338)	(25.75) %
Provisions for risks and charges	350,000	3.49 %	28,030	0.27 %	321,970	1,148.66 %
Employee termination indemnity	254,474	2.54 %	253,184	2.40 %	1,290	0.51 %
EQUITY	**4,411,708**	**43.99 %**	**4,241,050**	**40.24 %**	**170,658**	**4.02 %**
Quota capital	100,000	1.00 %	100,000	0.95 %	-	-
Reserves	1,920,000	19.15 %	1,920,000	18.22 %	-	-
Retained earnings (accumulated losses)	1,221,050	12.18 %	1,252,001	11.88 %	(30,951)	(2.47) %
Net income (loss) for the year	1,170,658	11.67 %	969,049	9.19 %	201,609	20.80 %
FINANCING SOURCES	**10,027,772**	**100.00 %**	**10,539,198**	**100.00 %**	**(511,426)**	**(4.85) %**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
Fixed asset coverage	374.63 %	236.22 %	58.59 %
Amounts payable to banks to working capital	17.61 %	23.78 %	(25.95) %
Debt ratio	1.27	1.49	(14.77) %
Financial debt ratio	0.39	0.58	(32.76) %
Equity to capital employed	43.99 %	40.24 %	9.32 %
Financial charges to turnover	0.20 %	0.22 %	(9.09) %
Current ratio	215.00 %	187.08 %	14.92 %
Primary coverage ratio	3.75	2.36	58.90 %
Secondary coverage ratio	5.23	3.37	55.19 %
Net working capital	4,452,621.00	3,902,624.00	14.09 %
Acid test margin	2,682,206.00	1,497,418.00	79.12 %
Acid test ratio	169.28 %	133.41 %	26.89 %

RESULTS

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	Year 2018-19	%	Year 2017-18	%	Change	% Change
VALUE OF PRODUCTION	**16,976,117**	**100.00%**	**17,955,138**	**100.00%**	**(979,021)**	**(5.45) %**
- Consumption of raw materials	8,184,628	48.21%	9,273,674	51.65%	(1,089,046)	(11.74) %
- General expenses	2,093,064	12.33%	2,428,402	13.52%	(335,338)	(13.81) %
VALUE-ADDED	**6,698,425**	**39.46%**	**6,253,062**	**34.83%**	**445,363**	**7.12%**
- Payroll costs	3,653,924	21.52 %	3,726,582	20.75 %	(72,658)	(1.95) %
- Provisions	350,000	2.06 %			350,000	
GROSS OPERATING MARGIN	**2,694,501**	**15.87%**	**2,526,480**	**14.07%**	**168,021**	**6.65%**
- Depreciation, amortisation and writedowns	725,190	4.27 %	703,552	3.92 %	21,638	3.08 %
- Other operating expenses	124,628	0.73 %	158,390	0.88 %	(33,762)	(21.32) %
INCOME BEFORE FINANCIAL ITEMS	**1,844,683**	**10.87 %**	**1,664,538**	**9.27 %**	**180,145**	**10.82 %**
+ Financial items	(35,221)	-0.21%	(38,128)	-0.21%	2,907	(7.62) %
INCOME BEFORE TAX	**1,809,462**	**10.66 %**	**1,626,410**	**9.06 %**	**183,052**	**11.25 %**
- Taxation	638,804	3.76 %	657,361	3.66 %	(18,557)	(2.82) %
NET INCOME	**1,170,658**	**6.90 %**	**969,049**	**5.40 %**	**201,609**	**20.80 %**

The value of production for the 2018-19 financial year saw a decrease of € 1 million due almost exclusively to the change in inventories for finished and semi-finished products, which fell in the last period of € 0.3 million compared with an increase of € 0.5 million the previous year. The costs of external factors fell more than proportionally (consumption -11.74% and expenditure -13.8%), resulting in an improvement in value added of 7.1%, equal to almost € 0.5 million. Payroll costs and depreciation were in line with the previous year, as no significant changes took place in the Company's production structure. During the year, a provision of € 0.35 million was made to cover commercial risks. The overall net result improved by € 0.2 million (+21%).

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	Year 2018-2019	Year 2017-2018	% Change
R.O.E.	26.54%	22.85%	26.04%
R.O.I.	125.97%	59.88%	210.37%
R.O.S.	10.65%	9.52%	11.87%
R.O.A.	18.40%	15.79%	16.53%

Information required by art. 2428 Of the civil code

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: The plastic components moulding sector in which the Company operates is characterised by heated competition that is partly attributable to sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of car components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).

Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year ended 31st March, 2019 on the control and maintenance of appropriate environmental protection standards, in accordance with BS OHSAS 18001:2007 for our environmental management system, in addition to the related activities prior to the transition to the new ISO 14001:2015 standards.

Personnel training sessions were held in relation to general and job-specific safety training, updating for first aid and emergency team workers, self-propelled lift truck management, and PPE III workforce training, PES-PAV training for personnel who work on live or non-live electrical systems, specific training for supervisors in relation to the procedures for monitoring compliance by workers with the provisions of company law on health and safety at work.

In terms of work on the plants to ensure their safety, interventions were carried out aimed at improving the visibility of internal and external transit routes (with the provision of wall-mounted parabolic mirrors in blind intersections) and the redevelopment of the plant lighting of departments with the installation of LED lighting fixtures.

In addition, on fire-safety matters, evacuation drills were carried out in all departments, covering every shift.

Lastly, in relation to the monitoring of the risk and impact assessment system, the Risk Assessment Document and the Environmental Impact Register were updated with the identification and analysis of risks and opportunities (focusing in particular on environmental emergency management or safety of workers according to appropriate procedures in order to identify and define the actions needed to prevent future accidents).

Information on personnel management

The Company's average workforce during the year rose to 63 employees from the prior year figure of 66. The workforce in the last month of the year came to 62 people.

During the year 2018-2019 the main training activities, in addition to what was previously indicated with reference to safety at work, were addressed to the following topics:

- Greater analysis of specific Technical Design topics;
- Greater analysis of specific injection moulding issues;
- Waste management.

The courses held for employees came to a total of 84 hours, with training held internally and externally (in addition to training on the job).

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, though no R&D costs were capitalised.

In particular, with reference to the implementation guidelines, efforts were made to consolidate the formulation methodology of estimates, after in-depth technical analysis and supported by FEM calculations (Mould-flow / Structural / NVH), applying it to specific cases, the activity of the inter-functional product development / technology updates team composed of the Company's Technical Department and some reference suppliers in the design field and the specifications for the supply of the equipment were defined.

With reference to design activities in the process/product area, the main projects are as follows:

- Consolidation of the design and production experience of the beauty cover that made new acquisitions possible;
- Continuation of the development of the experience on engine components (e.g. LP EGR System & Mixer);
- To support the acquisition of new products with the preparation of estimates and detailed Technical Reviews.

The main special projects undertaken during the year were as follows:

- Confirmation of operating benefits (reduction of moulding time, zeroing of the "matarozza" waste material, improvements in aesthetics and size) in relation to the use of the fan mould with a direct shutter injection system in the figure;
- Continuation of experimentation on engine beauty covers and use of sequential moulding technologies and vacuum technology.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., we can confirm that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as current assets

Description	FY 2019	FY 2018	Change
to companies under common control	920,716	804,079	116,637
Total	**920,716**	**804,079**	**116,637**

The amount receivable from Companies under common control (€ 920,716 at 31st March, 2019) relates to trade receivables due from Endurance S.P.A.

Payables due to and loans from affiliates

Description	FY 2019	FY 2018	Change
payables due to parent companies	202,181	400,014	197,833-
Total	**202,181**	**400,014**	**197,833-**

At 31st March, 2019, payables due to parent companies include:

- € 59,181, relating to the net IRES tax payable arising from domestic tax group arrangements;
- € 143,000, relating to trade payables in connection with administrative and financial services and support provided by the parent company to the Group companies (under specific service agreements), which have been entered into on an arm's length basis.

Treasury shares

Pursuant to arts. 2435bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2428 and Art. 2435-bis of the Italian Civil Code, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The economic forecasts issued by the various international organisations indicate a progressive deterioration in the growth prospects of the main economies. According to experts at the World Bank, world economic growth in 2019 will drop to 2.9%.

US growth is expected to slip from 2.9% to 2.5%, whereas the figure for China is likely to come in at 6.2%, versus 6.5% in 2018. The Euro zone is expected to post an increase of +1.6%, down from +1.9%.

The forecasts made at the beginning of the year were then continuously downgraded as trade and geopolitical tensions rose and world trade fell.

The automotive industry had a difficult start to the year (-3.3% in the Euro area in January-March), while the preliminary figures for April are contrasting, with a moderate recovery in Italy (+1.5 % in the month compared with the previous year, after an awful first quarter) and in France (+0.4%), whereas Germany is still negative (-1%), as is the UK (-4.1%). Similar situations are also visible on the US and Chinese market with registrations in profound decline and little hope in the short term that expectations will turn towards more stable market conditions.

It is difficult to quantify how much of these reductions can be attributed to temporary phenomena - i.e. problems connected to the new WLTP procedures or the postponement of purchases by consumers waiting for greater certainty about the changes currently taking place, especially in regulatory issues - or rather to the cyclical nature of the automotive sector, conditioned by the uncertain macroeconomic trend.

In this regard, in February 2019, ACEA (European Automobile Manufacturers Association) issued forecasts for new registrations in 2019, which see a flat market with growth of less than 1%.

The future prospects are therefore characterised by a high level of uncertainty. It is also difficult to foresee what impact there might be on the subsidiaries' activities of the multiple unknowns in the macroeconomic scenario, both nationally and internationally, and in the automotive sector in particular. These include: the effects of the new vehicle consumption test methodology (WLTP), current commercial tensions (in particular between the US and China, but possibly extending to the European automotive sector), the development of pure electric vehicles, the epilogue of what is by now the consolidated decline in sales of diesel vehicles and the evolution of the ever-current themes of aggregation and consolidation of carmakers and the supply chain.

Expectations are therefore for a year of transition with new investment opportunities, being aware of increased competition from national and foreign competitors.

On the basis of information available on the outlook of operations, the Company is expected to achieve positive results.

THE USE OF FINANCIAL INSTRUMENTS THAT SHOULD BE TAKEN INTO ACCOUNT WHEN ASSESSING THE RESULTS AND FINANCIAL POSITION

Pursuant to paragraph 3.6-bis of Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company is not party to any financial tool, inclusive of derivatives, that are material to the measurement of the results and financial position.

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements for the year ended 31st March, 2019 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Turin, 10th May, 2019
For the Board of Directors
The Managing Director
Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE ENGINEERING SRL
Registered office:	STRADA DEL CASCINOTTO 135/A TURIN (TO)
Quota capital:	100,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	11081890011
Tax code:	11081890011
REA Number:	1186114
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	222909
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE OVERSEAS SRL
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements

for the year ended 31st March, 2019

BALANCE SHEET

	31st March, 2019	31st March, 2018
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) industrial patent rights and intellectual property rights	7,659	17,593
5) goodwill	-	360,000
7) other	26,630	108,606
Total intangible assets	34,289	486,199
II - Tangible fixed assets	-	-
1) land and buildings	39,508	44,974
2) plant and machinery	815,270	950,274
3) industrial and commercial equipment	220,734	249,594
4) other assets	67,298	63,826
Total tangible fixed assets	1,142,810	1,308,668
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	505	505
Total equity investments	505	505
Total financial fixed assets	505	505
Total fixed assets (B)	1,177,604	1,795,372
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	944,147	1,187,786
2) work in process and semi-finished products	60,931	89,643
4) finished products and goods	765,337	1,127,777
Total inventories	1,770,415	2,405,206
II - Receivables	-	4,530
1) from customers	737,643	547,406
due within one year	737,643	547,406
5) from companies under common control	920,716	804,079
due within one year	920,716	804,079
5-bis) tax receivables	255,487	858,729
due within one year	255,487	858,729
5-ter) deferred tax assets	513,860	347,509
5-quater) due from others	34,901	163,117
due within one year	22,921	151,137
due beyond one year	11,980	11,980
Total receivables	2,462,607	2,720,840
III - Current financial assets	-	-
treasury management assets	3,455,358	1,900,937
Total current financial assets	3,455,358	1,900,937
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	1,027,157	1,615,673
3) cash on hand	707	340
Total cash and cash equivalents	1,027,864	1,616,013
Total current assets (C)	8,716,244	8,642,996
D) Prepaid expenses and accrued income	**133,924**	**100,830**
Total assets	10,027,772	10,539,198

	31st March, 2019	31st March, 2018
Liabilities and equity		
A) Equity	**4,411,708**	**4,241,050**
I - Quota capital	100,000	100,000
IV - Legal reserve	20,000	20,000
VI - Other distinctly indicated reserves	-	-
Paid in for future capital increase	1,900,000	1,900,000
Total other reserves	1,900,000	1,900,000
VIII - Retained earnings (accumulated losses)	1,221,050	1,252,001
IX - Net income (loss) for the year	1,170,658	969,049
Total equity	4,411,708	4,241,050
B) Provision for risks and charges		
4) Other	350,000	28,030
Total provisions for risks and charges	350,000	28,030
C) Employee termination indemnities	**254,474**	**253,184**
D) Payables		
4) due to banks	1,535,221	2,055,370
due within one year	395,338	520,149
due beyond one year	1,139,883	1,535,221
7) trade payables	2,312,159	2,592,755
due within one year	2,312,159	2,592,755
11) payables due to parent companies	202,181	400,014
due within one year	202,181	400,014
12) taxation payable	76,149	110,390
due within one year	76,149	110,390
13) due to pension and social security institutions	57,508	99,196
due within one year	57,508	99,196
14) other payables	783,176	716,269
due within one year	783,176	716,269
Total payables	4,966,394	5,973,994
E) Accrued expenses and deferred income	**45,196**	**42,940**
Total liabilities and equity	10,027,772	10,539,198

INCOME STATEMENT

	31st March, 2019	31st March, 2018
A) Value of production		
1) revenues from sales of goods and services	17,246,824	17,427,031
2) change in inventories of work in progress, semi-finished and finished products	(337,961)	478,644
5) other income and revenues	-	-
operating grants	9,542	9,542
other	57,712	39,921
Total other income and revenues	67,254	49,463
Total value of production	16,976,117	17,955,138
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	7,887,798	9,645,372
7) services	1,783,507	2,099,910
8) lease and rental charges	309,557	328,492
9) payroll	-	-
a) wages and salaries	2,879,564	2,989,347
b) social contributions	632,072	586,177
c) termination indemnities	140,332	149,733
e) other costs	1,956	1,325
Total payroll costs	3,653,924	3,726,582
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	451,910	449,776
b) depreciation of tangible fixed assets	273,280	253,776
Total depreciation, amortisation and writedowns	725,190	703,552
11) change in inventory of raw and ancillary materials, consumables and goods	296,830	(371,698)
12) provisions for risks and charges	350,000	-
14) other operating expenses	124,628	158,390
Total cost of production	15,131,434	16,290,600
Difference between production value and cost (A - B)	**1,844,683**	**1,664,538**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
other	90	88
Total income other than the above	90	88
Total other financial income	90	88
17) interest and other financial charges	-	-
other	35,311	38,216
Total interest and other financial charges	35,311	38,216
Total financial income and charges (15+16-17+-17-bis)	(35,221)	(38,128)
Result before taxes (A-B+-C+-D)	**1,809,462**	**1,626,410**
20) Income taxes for the year, current and deferred		
current taxation	805,155	739,663
deferred taxation	(166,351)	(82,302)
Total income taxes for the year, current and deferred	638,804	657,361
21) Net income (loss) for the year	**1,170,658**	**969,049**

STATEMENT OF CASH FLOW (INDIRECT METHOD)

	Amount at 31st March, 2019	Amount at 31st March, 2018
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	1,170,658	969,049
Taxation	638,804	657,361
Interest expense/(interest income)	35,221	38,128
(Gains)/losses from disposal of assets	-	2,730
1) Income (loss) for the year before income taxes, interest, dividends and gains/ losses from disposals	1,844,683	1,667,268
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	355,289	5,514
Depreciation and amortisation of fixed assets	725,190	703,552
Total adjustments for non-cash items that had no counterpart in net working capital	1,080,479	709,066
2) Cash flow before changes in net working capital	2,925,162	2,376,334
Change in net working capital		
Decrease/(Increase) in inventory	634,791	(850,341)
Decrease/(Increase) in trade receivables	(306,874)	2,102,071
Increase/(Decrease) in trade payables	(478,429)	(1,611,570)
Decrease/(Increase) in prepaid expenses and accrued income	(33,094)	92,028
Increase/(Decrease) in accrued expenses and deferred income	2,256	(9,676)
Other decreases/(Other Increases) in net working capital	845,002	(98,413)
Total changes in net working capital	663,652	(375,901)
3) Cash flow after changes in net working capital	3,588,814	2,000,433
Other adjustments		
Interest collected/(paid)	(35,221)	(38,129)
(Income taxes paid)	(927,721)	(756,987)
(Use of provisions)	(32,029)	(53,392)
Total other adjustments	(994,971)	(848,508)
Cash flow from operating activities (A)	**2,593,843**	**1,151,925**
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(107,422)	(314,812)
Disposals	-	26,589
Intangible assets	-	-
(Investments)	-	(27,559)
Current financial assets		
(Investments)	(1,554,421)	-
Cash flow from investing activities (B)	**(1,661,843)**	**(315,782)**
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans		(1,900,937)
New loans		2,000,000
(Repayment of loans)	(520,149)	(199,133)
Own funds		
(Dividends and interim dividends paid)	(1,000,000)	
Cash flow from financing activities (C)	**(1,520,149)**	**(100,070)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**(588,149)**	**736,073**

	Amount at 31st March, 2019	Amount at 31st March, 2018
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	1,615,673	879,077
Cash on hand	340	863
Total cash and cash equivalents at the beginning of the year	1,616,013	879,940
Cash and cash equivalents at the end of the year		
Bank and postal deposits	1,027,157	1,615,673
Cash on hand	707	340
Total cash and cash equivalents at the end of the year	1,027,864	1,616,013

INFORMATION ON THE STATEMENT OF CASH FLOWS

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

It should be noted that:

- "Increase (Decrease) in non-current financial assets" relates to the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l.;

- The cash flow relating to the payment of dividends includes the resolution of the general meeting of 9th June, 2018 for the distribution of dividends to the parent company Endurance Overseas Srl for a total of € 1,000,000.

EXPLANATORY NOTES, FIRST PART

To the Quotaholder,

These explanatory notes are an integral part of the financial statements for the year ended 31st March, 2019.

The financial statements submitted for your approval report net income of € 1,170,658, after taxes of € 638,804 and depreciation and amortisation of € 725,190.

Form and content of the financial statements

The financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. The financial statements have been prepared on a consistent basis with the accounting policies applied the previous year.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31st March, 2019.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22nd December, 2016, inclusive of the amendments published on 29th December, 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

The book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Concessions, licences, trademarks and similar rights	5 years on a straight-line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

Start-up and expansion costs have been capitalised as they involve long-term benefits; these costs are amortised over a period that does not exceed five years.

"Concessions, licences, trademarks and similar rights" mainly include capitalised costs for the purchase of software.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. If this estimate cannot be made, goodwill is amortised over 10 years. When calculating the useful life of goodwill, set at 5 years, the Company applies all available information to estimate the likely duration of its economic benefits.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant to Art. 10 of Law 72 of 19th March, 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the intangible assets recorded in the books have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset becomes available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Pursuant to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the tangible assets recorded in the books have never been revalued.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Temporary constructions	10.00%
General plant	7.50%
Specific machinery	12.50%
Sundry and minor equipment	12.50%
Motor cars	25.00%
Internal transport vehicles	20.00%
Electronic office machines	20.00%
Furniture and shelving	12.00% - 12.50%
Assets costing less than € 516.46	100.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment. Debt securities are measured using the amortised cost method.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

The amortised cost of a security is its original carrying amount, net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value. The original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost.
- Work in process (semi-finished products): specific cost with the weighted average cost approach based on the stage of completion of the production process, which represents the cost of production.
- Finished products: specific cost with the weighted average cost approach.
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables in the form of RiBa's (bank collection notices) that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1st January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees pursuant to article 2120 of the Civil Code, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the quotaholder.

Also for the year under review and up to the year ending 31st March, 2020, the Company forms part of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.)

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

EXPLANATORY NOTES, ASSETS

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Movements in intangible assets

The table shows the movements in fixed assets during the year.

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	2,788	49,673	1,800,000	410,327	2,262,788
Amortisation (Accumulated amortisation)	2,788	32,080	1,260,000	301,721	1,596,589
Writedowns	-	-	180,000	-	180,000
Carrying amount	-	17,593	360,000	108,606	486,199
Changes during the year					
Amortisation for the year	-	9,934	360,000	81,976	451,910
Total changes	-	(9,934)	(360,000)	(81,976)	(451,910)
Carrying amount at the end of the year					
Cost	2,788	49,673	1,800,000	410,327	2,262,788
Amortisation (Accumulated amortisation)	2,788	42,014	1,620,000	383,697	2,048,499
Writedowns	-	-	180,000	-	180,000
Carrying amount	-	7,659	-	26,630	34,289

"Intangible assets" total € 34,289 at 31st March, 2019 (€ 486,199 at 31st March, 2018), after charging amortisation of € 451,910 to the income statement.

The increase of € 27,559 in the year relate in particular to leasehold improvements, mainly in connection with the premises used by the Company under a lease agreement, and to the purchase of software.

As shown in the table, amortisation charges mainly refer to goodwill which completed its process of amortisation during the year.

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. The previous adjustment of goodwill was not a reflection of impairment, but rather of a change in its useful life following a revision of the time it was expected to take to develop the business, as mentioned previously.

Tangible fixed assets

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at the beginning of the year					
Cost	66,424	1,529,150	401,662	158,212	2,155,448
Depreciation (Accumulated depreciation)	21,450	578,876	152,068	94,386	846,780
Carrying amount	44,974	950,274	249,594	63,826	1,308,668
Changes during the year					
Additions	1,250	53,882	22,905	29,385	107,422
Depreciation for the year	6,716	188,886	51,765	25,913	273,280
Total changes	(5,466)	(135,004)	(28,860)	3,472	(165,858)
Carrying amount at the end of the year					
Cost	67,674	1,583,032	424,567	187,597	2,262,870
Depreciation (Accumulated depreciation)	28,166	767,762	203,833	120,299	1,120,060
Carrying amount	39,508	815,270	220,734	67,298	1,142,810

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets.

Finance leases

The Company does not have any finance leases outstanding at the end of the financial year.

Financial fixed assets

All the equity investments recorded in the financial statements are stated at cost, where cost is understood as the expense incurred for the purchase, regardless of the manner of payment, including any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

Equity investments amount to Euro 505, which amount has remained unchanged since 31st March, 2018, and relates to an investment in CET S.c.r.l., a consortium that supplies electricity and natural gas (acquired together with the Grana line of business).

CURRENT ASSETS

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 1,770,415 at 31st March, 2019 (€ 2,405,206 at 31st March, 2018) and are stated net of an allowance for obsolete and slow-moving items totalling € 163,621, which was increased by € 17,310 during the year.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
raw materials, ancillary materials and consumables	1,187,786	(243,639)	944,147
work in process and semi-finished products	89,643	(28,712)	60,931
finished products and goods	1,127,777	(362,440)	765,337
Total	**2,405,206**	**(634,791)**	**1,770,415**

Inventories at 31st March, 2019 includes items totalling € 214,489 (€ 643,230 at 31st March, 2018) that are held for storage by third parties.

Current receivables

They total € 2,462,607 at 31st March, 2019 and have decreased compared with the figure at 31st March, 2018 (€ 2,720,840) against a reduction particularly in tax receivables, mainly because of the lower amount due from the tax authorities for Value Added Tax compared with the previous year.

These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Trade receivables	547,406	190,237	737,643	737,643	-
Receivables due from companies under common control	804,079	116,637	920,716	920,716	-
Tax receivables	858,729	(603,242)	255,487	255,487	-
Deferred tax asset	347,509	166,351	513,860	-	-
Other receivables	163,117	(128,216)	34,901	22,921	11,980
Total	**2,720,840**	**(258,233)**	**2,462,607**	**1,936,767**	**11,980**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 2,613, which is unchanged since last year).

The amount receivable from companies under common control (€ 920,716 at 31st March, 2019) relates to the trade receivables due from Endurance S.p.A..

Tax receivables (€ 255,487 at 31st March, 2019) include VAT recoverable totalling € 234,812 and a credit of € 20,675 in relation to the new investment made pursuant to art. 18 of Decree 91 dated 24th June, 2014, as formalised by Law 116 dated 11th August, 2014.

Receivables for deferred tax assets (€ 513,860 at 31st March, 2019) mainly relate to temporary differences between the statutory accounts bases and the tax bases of the carrying amount of goodwill and the deductibility of provisions for risks and writedowns recognised in the financial year 2018/2019 and in prior years.

Breakdown of current receivables by geographical area

A breakdown by geographical area of receivables has not been provided as the information is not significant, given that almost all receivables are due from domestic customers.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within “Current financial assets”.

Description	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
treasury management assets	1,900,937	1,554,421	3,455,358
Total	**1,900,937**	**1,554,421**	**3,455,358**

The item refers to the positive balance due from the parent company Endurance Overseas S.r.l. as of 31st March, 2019, pursuant to the current cash pooling contracts.

Cash and cash equivalents

Cash and cash equivalents are carried at face value.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	1,615,673	(588,516)	1,027,157
cash on hand	340	367	707
Total	**1,616,013**	**(588,149)**	**1,027,864**

This item principally comprises the balance on bank current accounts at 31st March, 2019.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

Prepaid expenses at 31st March, 2019 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Prepaid expenses	100,830	33,094	133,924
Total prepaid expenses and accrued income	**100,830**	**33,094**	**133,924**

This item mainly relates to prepaid TARI for 2019 and prepaid rental fees, services and insurance premiums.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

EXPLANATORY NOTES, LIABILITIES AND EQUITY

Equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in equity items

The changes in the Company's equity items in the year prior to the year under review (as of 31st March, 2018) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Carrying amount at the end of the year
Quota capital	100,000	-	-	100,000
Legal reserve	20,000	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	1,900,000
Retained earnings (accumulated losses)	725,577	526,424	-	1,252,001
Net income (loss) for the year	526,424	(526,424)	969,049	969,049
Total	**3,272,001**	**-**	**969,049**	**4,241,050**

The changes in the Company's equity items in the year under review, ended as of 31st March, 2019, are shown below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Carrying amount at the end of the year
Quota capital	100,000	-	-	100,000
Legal reserve	20,000	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	1,900,000
Retained earnings (accumulated losses)	1,252,001	(30,951)	-	1,221,050
Net income (loss) for the year	969,049	(969,049)	1,170,658	1,170,658
Total	**4,241,050**	**(1,000,000)**	**1,170,658**	**4,411,708**

Availability and use of equity

The following table provides details of the components of equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	**Amount**	**Origin/ Nature**	**Potential utilisation**	**Amount available**
Quota capital	100,000	Quota capital		-
Legal reserve	20,000	Revenue	B	-
Paid in for future capital increase	1,900,000	Quota capital	A; B	-
Retained earnings (accumulated losses)	1,221,050	Revenue	A; B; C	1,221,050
Total	**3,241,050**			**1,221,050**
Amount not distributable				513,860
Residual amount distributable				707,190

Key: A: for increase in capital; B: to cover losses; C: for distribution to the quotaholders; D: for other statutory requirements; E: other

The non-distributable portion relates to the deferred tax asset that falls into the category of positive elements that are still to be realised.

Provisions for risks and charges

The following table analyses the changes in provisions (€ 350,000 at 31st March, 2019):

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Other provisions	28,030	350,000	28,030	321,970	350,000
Total	**28,030**	**350,000**	**28,030**	**321,970**	**350,000**

Other provisions

The use shown here relates to the reversal of a potential tax liability provided for in previous years.

The accrual includes an assessment of the risks relating to potential liabilities of various types (commercial, fiscal, environmental, labour law, etc.).

Provision for employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Provision for employee termination indemnities	253,184	5,289	3,999	1,290	254,474
Total	**253,184**	**5,289**	**3,999**	**1,290**	**254,474**

The provision shown in the table relates entirely to revaluation of the provision for employee termination indemnities still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables

Payables total € 4,966,394 at 31st March, 2019 (€ 5,973,994 at 31st March, 2018).

Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1st April, 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	2,055,370	(520,149)	1,535,221	395,338	1,139,883
Trade payables	2,592,755	(280,596)	2,312,159	2,312,159	-
Due to parent companies	400,014	(197,833)	202,181	202,181	-
Tax payables	110,390	(34,241)	76,149	76,149	-
Due to pension and social security institutions	99,196	(41,688)	57,508	57,508	-
Other payables	716,269	66,907	783,176	783,176	-
Total	**5,973,994**	**(1,007,600)**	**4,966,394**	**3,826,511**	**1,139,883**

Amounts due to banks include both the current portion (€ 395,338) and the portion due beyond 12 months (€ 1,139,883) of loans obtained from major banks.

The following is a breakdown of medium-term loans:

	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at 31st March, 2019	Within one year	Beyond one year
UBI (*)	2,000,000	29/01/2018 - 5	1,539,958	397,453	1,142,505
Amortised cost adjust-ment			(4,737)	(2,116)	(2,622)
Total	**2,500,000**		**1,535,221**	**395,338**	**1,139,883**

(*) Financial payables recognised using the amortised cost method.

At 31st March, 2019, payables due to parent companies include:

- € 59,181, relating to the net IRES tax payable arising from domestic tax group arrangements;
- € 143,000, relating to trade payables in connection with administrative and financial services and support provided by the parent company to the Group companies (under specific service agreements), which have been entered into on an arm's length basis.

Other payables mainly include the amount due to employees for wages and salaries to be paid and accrued deferred remuneration (€ 118,056), as well as advances from customers (€ 96,300) and sundry payables.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from quotaholders

The company has not received any loans from its quotaholders.

Accrued expenses and deferred income

This caption is analysed below together with the changes during the year.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Deferred income	42,940	2,256	45,196
Total accrued expenses and deferred income	**42,940**	**2,256**	**45,196**

Deferred income includes (€ 33,398) shares of grants and income pertaining to future periods. Grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years.

EXPLANATORY NOTES, INCOME STATEMENT

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2017/2018 is analysed below on a comparative basis

Description	FY 2018/2019	FY 2017/2018	Change
Revenues from sales of goods and services	17,246,824	17,427,031	(180,207)
Changes in inventories of WIP, semi-finished and finished products	(337,961)	478,644	(816,605)
Other revenues	67,254	49,463	17,791
Total	**16,976,117**	**17,955,138**	**(979,021)**

Sales revenues are substantially in line with the previous year (-1%), while there was a negative change in inventories of finished products due to production planning decisions just prior to the end of the year.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area.

Geographical area	FY 2018/2019	FY 2017/2018
ITALY	16,491,038	16,421,174
OTHER EUROPEAN COUNTRIES	741,862	956,295
NON-EU COUNTRIES	13,924	49,562
Total	**17,246,824**	**17,427,031**

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 2018/2019	FY 2017/2018	Change
Cost of raw and ancillary materials, consumables and goods for resale	7,887,798	9,645,372	(1,757,574)
Cost of services	1,783,507	2,099,910	(316,403)
Lease and rental charges	309,557	328,492	(18,935)
Payroll costs:			
Wages and salaries	2,879,564	2,989,347	(109,783)
Social contributions	632,072	586,177	45,895
Employee termination indemnities	140,332	149,733	(9,401)
Other costs	1,956	1,325	631
Amortisation of intangible assets	451,910	449,776	2,134
Depreciation of tangible fixed assets	273,280	253,776	19,504
Change in inventory of raw and ancillary materials, consumables and goods	296,830	(371,698)	668,528
Provision for risks	350,000		350,000
Other operating expenses	124,628	158,390	(33,762)
Total	**15,131,434**	**16,290,600**	**(1,159,166)**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items saw a slight decrease compared with the previous year, equal to -12% for the consumption of materials (considering purchases together with changes in inventories of raw materials, consumables and goods) and -13.8% for services. This decrease is mainly attributable to a different production mix and the measures taken to raise efficiency during the period.

Payroll costs

This item (which has gone down by 2% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7).

Other operating expenses

This item shows a decrease compared with the previous year, related, among other things, to the decline in charges for supplies received from customers.

The trends described led to an operating margin (represented by the difference between the value and costs of production with respect to the Company's revenues) of approximately 10.9%, an increase compared with the previous year (9.3%).

Financial income and charges

Financial income and charges (showing a lower negative net balance than the previous year) are recorded on an accruals basis for the amount accrued during the year.

Composition of income from equity investments

There has been no income from equity investments as indicated by paragraph 15 of Art. 2425 of the Italian Civil Code.

Breakdown of interest and other financial charges by type of payable

The following table provides details of interest and other financial charges as required by paragraph 17 of Art. 2425 of the Italian Civil Code, with specific details of costs relating to bonds, to amounts due to banks and to other charges.

	Due to banks	Other	Total
Interest and other financial charges	32,604	2,707	35,311

Other financial charges entirely relate to the effect of applying the amortised cost method for the measurement of receivables and payables.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.

During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The Company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2018/2019	Year 2017/2018
Income taxes	**638,804**	**657,361**
Current taxation		
of which: IRES for the year (current)	659,577	603,789
of which: IRAP for the year (current)	148,797	137,756
of which: Taxation relating to prior years	(3,219)	(1,882)
Deferred taxation	(166,351)	(82,302)

The deferred tax asset relates to the non-deductible portion in the year of:

- Difference between the book and tax amortisation rate for goodwill;
- Writedown of inventories and other provisions with deferred deductibility

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

Recognition of deferred tax assets and liabilities and their impact

	IRES tax	IRAP tax
A) Temporary differences		
Total deductible temporary differences	31,375	28,614
Total taxable temporary differences	627,230	627,230
Net temporary differences	595,855	598,616
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(302,558)	(44,951)
Deferred tax liability (assets) of the year	(143,005)	(23,346)
Provision for deferred tax liability (assets) at the end of the year	(445,563)	(68,297)

EXPLANATORY NOTES, OTHER INFORMATION

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	Executives	Middle anagers/ White collar	Blue collar	Total employees
Year 2018-19	-	13	50	63
Year 2017-18	-	14	52	66

The Company employs 62 persons at 31 March 2019.

Fees payable to Directors

No fees were paid to directors in the financial year 2018/2019.

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Legal audit of the annual financial statements	Other audit services	Total fees earned by the legal auditor or auditing firm
Amount	7,350	3,150	10,500

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax and VAT returns.

Classes of shares issued by the Company

This paragraph of the explanatory notes is not pertinent, since the Company's capital does not consist of shares.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

There are no cases as per art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code.

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

It is hereby confirmed that the Company is not party to any financial derivatives.

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management control and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l..

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2018 (source www.ecb.europa.eu) was 80.2960 (69.3965 at 31st March, 2017):

Balance sheet	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Assets		
Non-current assets		
Fixed assets, net	10,181.26	8,798.80
Investments and other non-current assets	5,550.27	5,456.61
Current assets	10,323.57	8,245.55
Total Assets	**26,055.10**	**22,500.96**
Liabilities and equity		
Equity	**17,922.58**	**15,630.64**
Non-current liabilities		
Non-current financial liabilities	49.58	198.52
Other non-current liabilities	63.25	187.91
Current liabilities		
Current financial liabilities	7,072.36	5,520.23
Other current liabilities	947.33	963.66
Total liabilities and equity	**26,055.10**	**22,500.96**

Income Statement	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Revenues	**47,874.05**	**42,926.99**
Operating costs	**41,786.44**	**38,091.04**
Depreciation and amortisation	1,696.31	1,668.57
Financial charges	102.49	178.57
Non-recurring income/(expense)	(268.78)	-
Income before tax	**4,020.03**	**2,988.81**
Taxation for the year (current and deferred)	1,304.00	773.84
Income (loss) for the year	**2,716.03**	**2,214.97**
OCI - Other comprehensive income	(0.84)	(17.83)
Total statement of comprehensive income	**2,715.19**	**2,197.14**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4th August, 2017

Starting from the 2018 financial statements, art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

In consideration of the fact that this provision has raised question of interpretation and application that are still unresolved, the Company has carried out investigations and, also in the light of the latest guidelines, considers that they do not fall within the scope of the disclosure requirement:

- general measures that can be used by all companies in application of current tax laws; such as the so-called ACE (aid for economic growth) or the benefits recorded in relation to the accrual of tax credits for investments in business assets (such as Legislative Decree No. 91/2014, the so-called "Tremonti-quater", for which the Company recorded income for the year of € 9,542, without any impact in terms of cash flows);
- the contributions foreseen for certain types of tax payers based on the activity produced, such as that reserved for so-called "energy-intensive businesses".

Proposed allocation of profits

Quotaholder,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 1,170,658 to "retained earnings (accumulated losses)".

EXPLANATORY NOTES, CLOSING SECTION

Quotaholder, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31st March, 2019, together with the proposed allocation of the net result for the year, as submitted by the Board of Directors.
The financial statements are true and real and agree with the books of account.

Turin, 10th May, 2019
For the Board of Directors
The Managing Director

Samuele Gabutto

ENDURANCE ENGINEERING S.r.l.

Statutory financial statements as of 31st March, 2019

Independent Auditor's Report

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

To the Sole Quotaholder of

ENDURANCE ENGINEERING S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Engineering S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2019, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Engineering S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Engineering S.r.l. does not extend to such data.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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.

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

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Engineering S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Engineering S.r.l. as at March 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 13, 2019

This report has been translated into the English language solely for the convenience of international readers.

Endurance Castings S.p.A.

BIONE (Brescia), Italy

Report on Operations and Financial Statements
for the year ended 31st March, 2019

ENDURANCE CASTINGS S.p.A.

Sole Shareholder Company

Head office: VIA CONCA D'ORO 14 - 14/A BIONE (Brescia)

Tax Code and Brescia Companies Register no.: 00293110177

Brescia Chamber of Commerce registration no.: 55600

Share capital: € 900,000.00 subscribed and fully paid

VAT Number: 00551150980

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on Operations

Financial statements at 31st March, 2019

To the Shareholder,

The explanatory notes provide disclosures on the financial statements at 31st March, 2019; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

INFORMATION ON THE COMPANY

Matters concerning the economy in general and the results of operations:

In 2018, the global economy turned in positive overall growth, but this was the result of a dynamic first half, followed by a slowdown in the second half.

According to the preliminary estimates released by the World Bank, real Gross Domestic Product (GDP) grew by 3% with different situations in the various macro areas (USA +2.9%, Eurozone +1.9%, Japan +0.8 %, China +6.5%, India +7.3% and Brazil +1.2%).

In Italy, there was growth for the fifth year running, but with an annual increase of only +0.9% due to a sharp deceleration in the second half of the year, culminating with a fourth quarter in technical recession. The slowdown in growth is mainly attributable to weak private consumption and a lower contribution from net exports (-0.1%).

The automotive industry had a trend similar to the macroeconomic context. In the European Union new car registrations in the period corresponding to the financial year (from April, 2018 to March, 2019) grew in the first and second quarter (+5.1% and +1.6% respectively) while in the third and last quarter they showed a significant decline (-7.8% and -3.3% respectively). Overall registrations have reached a lower level than the previous year (-1%). Among the factors that contributed to the decline in the second half of the year, an important one was the introduction of the new vehicle consumption test methodology (WLTP - Worldwide Harmonised Light Vehicles Test Procedures). It was first introduced on 1st September, 2017, but only for new models needing approval, whereas from September, 2018, it was extended to all newly registered cars. Several car manufacturers have suffered delivery delays due to the complexity of the new procedure, which takes into account all the optional contents that influence the aerodynamics, rolling resistance and mass of the vehicle, determining a CO2 value that more faithfully reflects the characteristics of the individual vehicle, but involves having to test various types of kit on the same model.

The WLTP procedure will gradually replace the NEDC procedure and both WLTP and NEDC consumption and CO2 emissions data will be shown in the vehicle's documents until the end of 2020. From 2021, WLTP data will be the only CO2 consumption/emissions data given for all cars. Second-hand vehicles will not be affected by this step and will retain their certified NEDC values.

The trend in registrations by individual car manufacturers shows the consolidation of VW's European leadership (-1.3%, with a market share of 23.9%, the same as the previous year) followed by Renault (+0.3 %, with a market share of 10.8% compared with 10.6% the previous year), PSA (excluding its acquisition of Opel at (+3.4% and a market share of 10.6% from 10.2%), FCA (-4.1% and a market share of 6.5% from 6.7%), BMW (-1.1%, with an stable market share of 6.6%), Daimler (- 3.3% and a 6.1% market share from 6.3%), Opel (-4.6% and a 5.7% market share from 5.9%) and other manufacturers (-0.8% with a share of 29.9%).

Of the particular phenomena that can be deduced from the trend in European registrations, it is worth mentioning the continuous reduction in diesel vehicle registrations (-18.3% in the calendar year) and the increase in petrol vehicles (+12.8% in the calendar year) as well as alternative power vehicles (LPG/CNG, hybrid and electric cars), +30.4% in the calendar year, with a market share of 7.3% compared with 5.6% the previous year (of which pure electric vehicles have a 2% share).

As a result of the change in reporting date, as explained below, the financial statements refer to a period of only three months, i.e. 1st January, 2019 to 31st March, 2019, so they are not comparable with the previous financial statements, which are for a 12-month period.

Market conditions during this period were difficult. Demand was generally weak, reflecting the weakness of manufacturing industry in general and the continuing weakness of the automotive sector. Despite this, with the entry into the Endurance Group, it was possible to mitigate the negative effects of adverse market conditions. The operating result benefited from the synergies deriving from relations with the other Group companies, allowing the Company to improve its economic performance compared with the previous year (12 months).

Key events

On 7th January, 2019, with notification on the share certificate authenticated by Notary Chibbaro in Milan, 100% of the Company's capital was acquired by Endurance Overseas S.r.l. and the Company became part of the Endurance Group. At the same time, the company name was changed from Fondpresmetal GAP S.p.A. into the current Endurance Castings S.p.A.

In relation to the decision taken by the Shareholders' Meeting held on 7th January, 2019, the reference date for the financial year was changed (from 31st December to 31st March) in order to align it with that of the other Endurance Group companies. As a result, the year in question has a shorter duration, from 1st January to 31st March of the current year, which means that the income statement figures are not comparable with those of the previous year (for 12 months).

Management policy and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, it is confirmed that the Company belongs to the ENDURANCE Group (India) and is subject to management policy and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) India.

These management policy and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made that were influenced by the Company that performs management policy and coordination activities and for which there is a need to justify the reasons for them and the interests that impacted on them.

FINANCIAL POSITION

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	FY 2019	%	FY 2018	%	Change	% Change
WORKING CAPITAL	**14,260,598**	**65.46 %**	**14,492,035**	**65.21 %**	**(231,437)**	**(1.60) %**
Immediate liquidity	**3,731,150**	**17.13 %**	**3,768,036**	**16.96 %**	**(36,886)**	**(0.98) %**
Cash and cash equivalents	3,731,150	17.13 %	3,768,036	16.96 %	(36,886)	(0.98) %
Deferred liquidity	**6,150,400**	**28.23 %**	**6,076,685**	**27.34 %**	**73,715**	**1.21 %**
Current receivables included in working capital	5,977,993	27.44 %	5,900,025	26.55 %	77,968	1.32 %
Current portion of non current receivables	18,756	0.09 %	18,756	0.08 %	-	-
Prepaid expenses and accrued income	153,651	0.71 %	157,904	0.71 %	(4,253)	(2.69) %
Inventories	4,379,048	20.10 %	4,647,314	20.91 %	(268,266)	(5.77) %
FIXED ASSETS	**7,524,293**	**34.54 %**	**7,730,862**	**34.79 %**	**(206,569)**	**(2.67) %**
Intangible assets	2,725	0.01 %	3,200	0.01 %	(475)	(14.84) %
Tangible fixed assets	6,629,685	30.43 %	6,780,368	30.51 %	(150,683)	(2.22) %
Financial fixed assets	4,530	0.02 %	4,530	0.02 %	-	-
Non-current portion of receiv. included in working capital	887,353	4.07 %	942,764	4.24 %	(55,411)	(5.88) %
CAPITAL EMPLOYED	**21,784,891**	**100.00 %**	**22,222,897**	**100.00 %**	**(438,006)**	**(1.97) %**

Balance Sheet - Liabilities and Shareholders' Equity

Item	FY 2019	%	FY 2018	%	Change	% Change
CAPITAL ATTRIBUTABLE TO THIRD PARTIES	**13,249,870**	**60.82 %**	**13,981,002**	**62.91 %**	**(731,132)**	**(5.23) %**
Current liabilities	**11,385,502**	**52.26 %**	**12,064,465**	**54.29 %**	**(678,963)**	**(5.63) %**
Current payables	10,508,899	48.24 %	11,181,967	50.32 %	(673,068)	(6.02) %
Accrued expenses and deferred income	876,603	4.02 %	882,498	3.97 %	(5,895)	(0.67) %
Non-current liabilities	**1,864,368**	**8.56 %**	**1,916,537**	**8.62 %**	**(52,169)**	**(2.72) %**
Provisions for risks and charges	1,549,595	7.11 %	1,601,435	7.21 %	(51,840)	(3.24) %
Employee termination indemnity	314,773	1.44 %	315,102	1.42 %	(329)	(0.10) %
EQUITY	**8,535,021**	**39.18 %**	**8,241,895**	**37.09 %**	**293,126**	**3.56 %**
Share capital	900,000	4.13 %	900,000	4.05 %	-	-
Reserves	6,973,062	32.01 %	6,973,062	31.38 %	-	-
Retained earnings (accumulated losses)	368,833	1.69 %	-	-	368,833	-
Net income (loss) for the year	293,126	1.35 %	368,833	1.66 %	(75,707)	(20.53) %
FINANCING SOURCES	**21,784,891**	**100.00 %**	**22,222,897**	**100.00 %**	**(438,006)**	**(1.97) %**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019	FY 2018	% Change
Fixed asset coverage	128.24 %	121.08 %	5.91 %
Debt ratio	1.55	1.70	(8.82) %
Equity to capital employed	39.18 %	37.09 %	5.63 %
Financial charges to turnover	0.13 %	0.12 %	8.33 %
Current ratio	125.25 %	120.12 %	4.27 %
Primary coverage ratio	1.29	1.21	6.61 %
Secondary coverage ratio	1.57	1.50	4.67 %
Net working capital	2,875,096.00	2,427,570.00	18.44 %
Acid test margin	(1,503,952.00)	(2,219,744.00)	32.25 %
Acid test ratio	86.79 %	81.60 %	6.36 %

RESULTS

As already mentioned, given that the figures are not comparable because of the shorter duration of the 2019 financial year (3 months) to align the Company's year end with that of the other Group companies, a reclassified income statement is set out below to facilitate a better understanding of the Company's results of operations.

Income Statement

Item	FY 2019 (3 months)	%	FY 2018 (12 months)	%	Change	% Change
VALUE OF PRODUCTION	**8,061,032**	**100.00%**	**31,619,731**	**100.00%**	**(23,558,699)**	**-74.51%**
- Consumption of raw materials	2,865,094	35.54%	10,340,459	32.70%	(7,475,365)	-72.29%
- General expenses	3,143,775	39.00%	12,155,540	38.44%	(9,011,765)	-74.14%
VALUE ADDED	**2,052,163**	**25.46%**	**9,123,732**	**28.85%**	**(7,071,569)**	**-77.51%**
- Payroll costs	1,385,158	17.18%	5,232,022	16.55%	(3,846,864)	-73.53%
- Provisions	-	0.00%	1,407,391	4.45%	(1,407,391)	-100.00%
GROSS OPERATING MARGIN	**667,005**	**8.27%**	**2,484,319**	**7.86%**	**(1,817,314)**	**-73.15%**
- Depreciation, amortisation and writedowns	224,457	2.78%	1,580,700	5.00%	(1,356,243)	-85.80%
- Other operating expenses	50,846	0.63%	442,887	1.40%	(392,041)	-88.52%
INCOME BEFORE FINANCIAL ITEMS	**391,702**	**4.86%**	**460,732**	**1.46%**	**(69,030)**	**-14.98%**
+ Financial items	(6,514)	-0.08%	(12,414)	-0.04%	5,900	-47.53%
INCOME BEFORE TAX	**385,188**	**4.78%**	**448,318**	**1.42%**	**(63,130)**	**-14.08%**
- Taxation	92,062	1.14%	79,485	0.25%	12,577	15.82%
NET INCOME	**293,126**	**3.64%**	**368,833**	**1.17%**	**(75,707)**	**-20.53%**

The Company's profitability in 2019 (3 months) has increased compared with the previous year (12 months) because of the fact that the 12-month period ended 31st December, 2018 was affected by various write-downs and provisions made in connection with the valuation of assets and liabilities and the conclusion of the arrangement with creditors pursuant to art. 161 of the Bankruptcy Law, as decreed by the Court of Brescia on 6th June, 2018.

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2019 (3 months)	FY 2018 (12 months)	% Change
R.O.E. (*)	13.74%	4.48%	9.26%
R.O.I. (*)	32.62%	10.30%	22.32%
R.O.S. (*)	4.81%	1.47%	3.34%
R.O.A. (*)	7.19%	2.07%	5.12%

(*) The figures for 2019 (of only 3 months) have been extrapolated over 12 months.

INFORMATION REQUIRED BY ART. 2428 OF THE CIVIL CODE

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties faced by the Company

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its principal industrial activities - the production of engine and gearbox and other components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non financial indicators.

Information on the environment and safety

The Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the period 1st January, 2019 to 31st March, 2019 on the monitoring and maintenance of appropriate environmental protection standards in order to obtain BS OHSAS 18001:2007 certification of the environmental management system in the near future, in addition to obtaining the new reference standard ISO 14001:2015 during the financial year 2019-20.

In the area of environment and safety, training sessions were held for personnel in relation to:

- General and job-specific topics in relation to safety for employees and supervisors,

As regards plants, work on installations included the following principal actions:

(a) replacement of most of the panic bars on exits;

(b) completion of installation of fire extinguishers in the electrical substations and diesel tank (initiated in 2018);

(c) completion of the alarm sound system;

(d) continuation of the replacement of part of the lighting with LED lights;

(f) implementation of escape route indications and collection points;

(g) implementation of first aid boxes;

(h) developed computer programme for maintenance of fire-fighting equipment;

(i) electric-tube sensor installed on the sandblaster vacuum cleaner;

(l) installed emission recognition signs.

Furthermore, with reference to the fire prevention issue, the emergency plan was updated, department evacuation exercises were carried out on all work shifts and the new fire prevention certificate was presented.

The Risk Assessment Document was updated for matters concerning health surveillance and monitoring of accidents.

Information on personnel management

At the end of the financial year 1st January, 2019 to 31st March, 2019, the company headcount stood at 83 employees with an average of the period under review of 85. Compared with 31st December, 2018 there was a reduction of 1.19% on the year-end figure and a reduction of the average commitment of 4.49%.

The principal training activities during the three-month period to 31st March, 2019 focused on manufacturing and staff functions, with a view to monitoring the overall continuous improvement of production and business processes. In particular, training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

- 1st and 2nd year apprenticeship course;
- ongoing training course on product procedures and problems;
- die casting course.

The courses carried out, including those listed in the paragraph dedicated to information on the environment and safety, involved a total of 408 hours for Company staff, with training activities carried out internally, externally and on the job.

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Italian Civil Code, it is hereby confirmed that no research and development activities applied to products and the production process were performed during the financial year.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., we can confirm that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Payables due to and loans from affiliates

Description	31/03/2019	31/12/2018	Change
payables due to parent companies	220,000	-	220,000
payables due to compaines under common control	1,484,070	-	1,484,070
Total	**1,704,070**	**-**	**1,704,070**

Payables to parent companies refer to commercial relations with Endurance Overseas S.r.l., which arose in connection with the latter's provision of support services and coordination of the activities of the group's subsidiaries, provided according to specific contractual agreements defined at market values.

Payables to companies under common control relate to the relationships with the other affiliates belonging to the

Endurance Group and in this case to Endurance S.p.A. The item in question refers for € 1,100,000 to the initial provision provided for future supplies, € 372,234 for trade payables and for € 11,836 to sundry other payables.

Treasury shares

Pursuant to Arts. 2435bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2428 and Art. 2435-bis of the Italian Civil Code, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The economic forecasts issued by the various international organisations indicate a progressive deterioration in the growth prospects of the main economies. According to experts at the World Bank, world economic growth in 2019 will drop to 2.9%.

US growth is expected to slip from 2.9% to 2.5%, whereas the figure for China is likely to come in at 6.2%, versus 6.5% in 2018. The Euro zone is expected to post an increase of +1.6%, down from +1.9%. The forecasts made at the beginning of the year were then continuously downgraded as trade and geopolitical tensions rose and world trade fell.

The automotive industry had a difficult start to the year (-3.3% in the Euro area in January-March), while the preliminary figures for April are contrasting, with a moderate recovery in Italy (+1.5 % in the month compared with the previous year, after an awful first quarter) and in France (+0.4%), whereas Germany is still negative (-1%), as is the UK (-4.1%). Similar situations are also visible on the US and Chinese market with registrations in profound decline and little hope in the short term that expectations will turn towards more stable market conditions.

It is difficult to quantify how much of these reductions can be attributed to temporary phenomena - i.e. problems connected to the new WLTP procedures or the postponement of purchases by consumers waiting for greater certainty about the changes currently taking place, especially in regulatory issues - or rather to the cyclical nature of the automotive sector, conditioned by the uncertain macroeconomic trend.

In this regard, in February 2019, ACEA (European Automobile Manufacturers Association) issued forecasts for new registrations in 2019, which see a flat market with growth of less than 1%.

The future prospects are therefore characterised by a high level of uncertainty. It is also difficult to foresee what impact there might be on the corporate activities of the multiple unknowns in the macroeconomic scenario, both nationally and internationally, and in the automotive sector in particular. These include: the effects of the new vehicle consumption test methodology (WLTP), current commercial tensions (in particular between the US and China, but possibly extending to the European automotive sector), the development of pure electric vehicles, the epilogue of what is by now the consolidated decline in sales of diesel vehicles and the evolution of the ever-current themes of aggregation and consolidation of carmakers and the supply chain.

Expectations are therefore for a year of transition with new investment opportunities, being aware of increased competition from national and foreign competitors, also evaluating types of production not currently addressed by the company.

The activity must then focus on improving and streamlining the management of company processes, including optimisation during the integration of the subsidiary into the Endurance Group.

Considering the order book and acquired orders which could be transmitted from other Group companies, as well as the benefits arising from the integration into the Endurance Group, we believe that the challenges posed by external conditions can be handled effectively, continuing to expect to achieve positive results next financial year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant to paragraph 3.6-bis of Art. 2428 of the Italian Civil Code, we can confirm that the Company does not have policies in place to hedge the interest-rate risks relating to medium-term loans as following the favourable outcome of the arrangement with creditors, no medium/long-term debt remained, with the exception of the property lease that expires in 2021, for which it was decided not to hedge the interest rate risk.

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements at 31st March, 2019 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Bione (BS), 10th May, 2019
For the Board of Directors
The Managing Director
Luca Ghidini

General information on the company

Company data

Name:	ENDURANCE CASTINGS SPA
Registered office:	VIA CONCA D'ORO 14 - 14/A BIONE BS
Share capital:	900,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	
VAT Number:	00551150980
Tax code:	00293110177
REA Number:	55600
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	245300
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management and coordination activities:	yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS S.R.L.
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements
for the year ended 31st March, 2019

BALANCE SHEET

	31st March, 2019	31st December, 2018
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	-	-
2) development costs	-	-
3) industrial patent rights and intellectual property rights	-	-
4) Concessions, licenses, trademarks and similar rights	450	600
5) goodwill	-	-
6) assets in process of formation and advance payments	-	-
7) other	2,275	2,600
Total intangible assets	2,725	3,200
II - Tangible fixed assets		
1) land and buildings	2,544,852	2,576,501
2) plant and machinery	3,797,810	3,915,563
3) industrial and commercial equipment	1,350	1,800
4) other assets	53,426	58,996
5) assets under construction and advance payments	232,247	227,508
Total tangible fixed assets	6,629,685	6,780,368
III - Financial fixed assets		
1) equity investments in		
a) controlled companies	-	-
b) associated companies	-	-
c) parent/controlling companies	-	-
d) companies under common control	-	-
d-bis) other companies	4,530	4,530
Total equity investments	4,530	4,530
2) receivables		
a) from controlled companies	-	-
b) from associated companies	-	-
c) from parent/controlling companies	-	-
d) from companies under common control	-	-
d-bis) from others	18,756	18,756
due within one year	18,756	18,756
Total receivables	18,756	18,756
Total financial fixed assets	23,286	23,286
Total fixed assets (B)	6,655,696	6,806,854
C) Current assets		
I - Inventories		
1) raw materials, ancillary materials and consumables	853,341	916,795
2) work in process and semi-finished products	2,110,897	2,083,150
3) contract work in progress	-	-
4) finished products and goods	1,414,810	1,647,369
5) advances	-	-
Total inventories	4,379,048	4,647,314

	31st March, 2019	31st December, 2018
II - Receivables		
1) from customers	5,132,409	5,565,596
due within one year	5,132,409	5,565,596
2) from controlled companies	-	-
3) from associated companies	-	-
4) from parent/controlling companies	-	-
5) from companies under common control	651,103	-
due within one year	651,103	-
5-bis) tax receivables	80,090	227,637
due within one year	80,090	227,637
5-ter) deferred tax assets	887,353	942,764
5-quater) due from others	114,391	106,792
due within one year	114,391	106,792
Total receivables	6,865,346	6,842,789
III - Current financial assets		
1) investments in controlled companies	-	-
2) investments in associated companies	-	-
3) investments in parent/controlling companies	-	-
3-bis) investments companies under common control	-	-
4) investments in other companies	-	-
5) derivative instruments	-	-
6) other securities	-	-
7) financial assets for centralized cash management (cash pooling)	-	-
Total current financial assets	-	-
IV - Cash and cash equivalents		
1) bank and postal deposits	3,729,257	3,767,329
2) cash on hand	1,893	707
Total cash and cash equivalents	3,731,150	3,768,036
Total current assets (C)	14,975,544	15,258,139
D) Prepaid expenses and accrued income	**153,651**	**157,904**
Total assets	21,784,891	22,222,897
Liabilities and shareholders' equity		
A) Shareholders' equity	**8,535,021**	**8,241,895**
I – Share capital	900,000	900,000
II – Share premium reserve	-	-
III – Revaluation reserves	1,339,901	1,339,901
IV – Legal reserve	180,000	180,000
V – Statutory reserves	-	-
VI – Other distinctly indicated reserves	-	-
Extraordinary reserve	4,693,035	4,693,035
Payments towards increase in capital	760,126	760,126
Total other reserves	5,453,161	5,453,161
VII – Cash flow hedge reserve	-	-
VIII - Retained earnings (accumulated losses)	368,833	-
IX - Net income (loss) for the year	293,126	368,833
Total shareholders' equity	8,535,021	8,241,895
B) Provision for risks and charges		
1) provisions for pensions and similar obligations	-	51,840
2) for current and deferred taxation	-	-
3) derivative financial instruments	-	-
4) other	1,549,595	1,549,595
Total provisions for risks and charges	1,549,595	1,601,435

	31st March, 2019	31st December, 2018
C) Employee termination indemnities	**314,773**	**315,102**
D) Payables		
1) bonds	-	-
2) convertible bonds	-	-
3) due to shareholders for loans	-	-
4) due to banks	-	1,378
due within one year	-	1,378
5) due to other financial institutions	-	-
6) advances	185,500	1,362,650
due within one year	185,500	1,362,650
7) trade payables	7,253,305	8,337,913
due within one year	7,253,305	8,337,913
8) credit notes-represented payables	-	-
9) due to controlled companies	-	-
10) due to associated companies	-	-
11) due to parent companies	220,000	-
due within one year	220,000	-
11-bis) due to companies under common control	1,484,070	-
due within one year	1,484,070	-
12) taxation payable	119,026	230,250
due within one year	119,026	230,250
13) due to pension and social security institutions	136,294	266,366
due within one year	136,294	266,366
14) other payables	1,110,704	983,410
due within one year	1,110,704	983,410
Total payables	10,508,899	11,181,967
E) Accrued expenses and deferred income	**876,603**	**882,498**
Total liabilities and shareholders' equity	21,784,891	22,222,897

INCOME STATEMENT

	31st March, 2019	31st December, 2018
A) Value of production		
1) revenues from sales of goods and services	7,899,019	28,584,168
2) change in inventories of work in progress, semi-finished and finished products	82,643	(367,683)
3) change in contract work in progress	-	-
4) increases in non-current assets from in-house production	-	-
5) other income and revenues		
grants	-	98,330
other	79,370	3,304,916
Total other income and revenues	79,370	3,403,246
Total value of production	8,061,032	31,619,731
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	2,514,186	10,956,016
7) services	2,949,386	11,373,686
8) lease and rental charges	194,389	781,854
9) payroll	-	-
a) wages and salaries	1,026,507	3,870,022
b) social contributions	304,884	1,102,441
c) termination indemnities	12,804	71,395
d) pensions and similar commitments	-	-
e) other costs	40,963	188,164
Total payroll costs	1,385,158	5,232,022
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	475	75,132
b) depreciation of tangible fixed assets	223,982	829,347
c) other writedowns of fixed assets	-	541,219
d) writedowns of current receivables and liquid funds	-	135,002
Total depreciation, amortisation and writedowns	224,457	1,580,700
11) change in inventory of raw and ancillary materials, consumables and goods	350,908	(615,557)
12) provisions for risks and charges	-	1,407,391
13) other provisions	-	-
14) other operating expenses	50,846	442,887
Total cost of production	7,669,330	31,158,999
Difference between production value and cost (A - B)	**391,702**	**460,732**
C) Financial income and charges		
15) financial income from investments	-	-
16) other financial income		
a) from financial non-current assets	-	-
b) from other non current securities	-	-
c) from other current securities	-	-
d) income other than the above	-	-
other	3,844	24,238
Total income other than the above	3,844	24,238
Total other financial income	3,844	24,238
17) interest and other financial charges	-	-
other	10,358	35,495
Total interest and other financial charges	10,358	35,495
17-bis) exchange gains and losses	-	-
Total financial income and charges (15+16-17+-17-bis)	(6,514)	(11,257)

	31st March, 2019	31st December, 2018
D) Adjustments to financial assets and liabilities		
18) revaluations		
a) of investments	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of financial derivatives	-	-
e) of financial assets for centralized cash management (cash pooling)	-	-
Total revaluations	-	-
19) writedowns	-	-
a) of investments	-	1,157
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets	-	-
d) of derivative financial instruments	-	-
e) of financial assets for centralized cash management (cash pooling)	-	-
Total writedowns	-	1,157
Total adjustments to financial assets and liabilities (18-19)	-	(1,157)
Result before taxes (A-B+-C+-D)	**385,188**	**448,318**
20) Income taxes for the year, current and deferred		
current taxation	36,651	91,119
deferred taxation	55,411	(11,634)
Total income taxes for the year, current and deferred	92,062	79,485
21) Net income (loss) for the year	293,126	368,833

STATEMENT OF CASH FLOW (INDIRECT METHOD)

	Amount at 31st March, 2019	Amount at 31st December, 2018
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	293,126	368,833
Taxation	92,062	79,485
Interest expense/(interest income)	6,514	11,257
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	391,702	459,575
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	-	1,542,393
Depreciation and amortisation of fixed assets	224,457	904,479
Writedowns for permanent losses	-	541,219
Other adjustments up or (down) for non-cash items	(23,009)	(2,929,156)
Total adjustments for non-cash items that had no counterpart in net working capital	201,448	58,935
2) Cash flow before changes in net working capital	593,150	518,510
Change in net working capital		
Decrease/(Increase) in inventory	268,266	(247,875)
Decrease/(Increase) in trade receivables	438,815	2,555,697
Increase/(Decrease) in trade payables	(1,084,608)	2,192,002
Decrease/(Increase) in prepaid expenses and accrued income	4,253	88,616
Increase/(Decrease) in accrued expenses and deferred income	(5,895)	111,734
Other decreases/(Other Increases) in net working capital	(48,454)	(4,319,687)
Total changes in net working capital	(427,623)	380,487
3) Cash flow after changes in net working capital	165,527	898,997
Other adjustments		
Interest collected/(paid)	(6,514)	(11,257)
(Use of provisions)	(121,221)	(218,422)
Total other adjustments	(127,735)	(229,679)
Cash flow from operating activities (A)	**37,792**	**669,318**
B) Cash flows from investing activities		
Tangible fixed assets	-	-
(Investments)	(73,300)	(3,257,416)
Disposals	-	140,532
Financial fixed assets	-	-
Disposals	-	194,605
Cash flow from investing activities (B)	**(73,300)**	**(2,922,279)**
C) Cash flows from financing activities		
Third-party funds		
Increase/(Decrease) in current bank loans	(1,378)	(7,886)
Cash flow from financing activities (C)	**(1,378)**	**(7,886)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**(36,886)**	**(2,260,847)**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	3,767,329	6,026,271
Cash on hand	707	2,612
Total cash and cash equivalents at the beginning of the year	3,768,036	6,028,883
Cash and cash equivalents at the end of the year		
Bank and postal deposits	3,729,257	3,767,329
Cash on hand	1,893	707
Total cash and cash equivalents at the end of the year	3,731,150	3,768,036

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

EXPLANATORY NOTES, FIRST PART

To the Shareholder,

These explanatory notes form an integral part of the financial statements for the year ended 31st March, 2019.

The financial statements submitted for your approval report net income of € 293,126, after taxes of € 92,062 and depreciation, amortisation and writedowns of € 224,457.

Please note that with deed dated 7th January, 2019 of Notary Chibbaro in Milan, rep no. 19061 and rec. no. 4292, the Shareholders' Meeting resolved to change the reference date for the financial year, which goes from 1st April to 31st March,of the following year.

This change was implemented in order to align the reporting date with those of the other companies in the Endurance Group, to which Endurance Castings S.p.A. belongs, following the acquisition of the entire share capital by the holding company of the Endurance Overseas S.r.l. Group on 7th January, 2019.

In compliance with the current corporate and tax regulations, this document only concerns the period between the beginning of the calendar year and 31st March, 2019. For this reason, even if these financial statements are drawn up in the same way, they are not comparable with those of the previous year (in which the figures refer to the 12-month period from 1st January to 31st December, 2018).

Form and content of the financial statements

The financial statements for the year ended 31st March, 2019 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Italian Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Comparability and compliance issues

As highlighted in the introduction, to which reference is made, these financial statements refer only to the period between 1st January, 2019 and 31st March, 2019 and therefore, they are not comparable with the figures for the previous year even if drawn up in opposing sections.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22nd December, 2016, inclusive of the amendments published on 29th December, 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Concessions, licences, trademarks and similar rights	5 years on a straight-line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	Based on the length of the underlying contracts

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill refers to the purchase in 2015 of the business unit of Lumefond S.r.l. in Liquidation and the amortisation period, five years on a straight-line basis, has been supplemented due to the presumable duration of the economic benefits linked to the acquisition.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset becomes available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Industrial buildings	3.00%
Temporary constructions	10%
Plant and machinery	10% - 15.5%
Industrial and commercial equipment	15%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Commercial vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm’s-length transaction between knowledgeable and willing parties, net of the related selling costs).

In application of the above, note that the goodwill was written off entirely and certain tangible fixed assets (mainly generic plant) were written down by a total of € 475,819.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished) and finished products: specific production cost including all costs directly attributable to the product, as well as a reasonable share of manufacturing overheads.
- Goods and Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse, collected and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement item C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables in the form of RiBa's (bank collection notices) that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Provision for pensions and similar commitments

They represent the liabilities for supplementary pension benefits and for the "one-off" indemnities due to employees, self-employed workers and other collaborators, in force of law and contract, on termination of the relationship.

Employee termination indemnities

Employee termination indemnities represent the total amount that the company would have to pay to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27th December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1st January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees pursuant to article 2120 of the Civil Code, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortised cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. . Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

As at the balance sheet date, the Company does not have any assets or liabilities denominated in foreign currency.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

EXPLANATORY NOTES, ASSETS

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 2,275 at 31st March, 2019 (€ 3,200 at 31st December, 2018), after charging amortisation of € 475 to the income statement.

They are analysed in detail below.

The item concessions, licences, trademarks and similar rights mainly includes the residual value of the software used by the Company to carry on its business.

"Other intangible assets" mainly include the non-separable leasehold improvements made to third-party assets, especially work made on the portion of the production site presently held by the Company under finance lease contracts.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	423,820	261,600	285,315	986,752
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	600	-	2,600	3,200
Changes during the year					
Amortisation for the year	-	150	-	325	475
Total changes	-	(150)	-	(325)	(475)
Carrying amount at the end of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	423,970	261,600	285,640	987,227
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	450	-	2,275	2,725

Amortisation is based on the reduced duration of the year.

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Gross tangible fixed assets total € 18,097,615, accumulated depreciation amounts to € 11,467,930 including the charge for the year of € 223,982.

"Assets under construction and advance payments" (€ 232,247 at 31st March, 2019) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle.

Movements in tangible fixed assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	4,366,766	12,005,566	383,973	1,040,501	227,508	18,024,314
Depreciation (Accumulated depreciation)	1,790,265	7,614,256	382,173	981,433	-	10,768,127
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	2,576,501	3,915,563	1,800	58,996	227,508	6,780,368
Changes during the year						
Additions	-	68,560	-	-	4,740	73,300
Depreciation for the year	31,649	186,313	450	5,570	-	223,982
Total changes	(31,649)	(117,753)	(450)	(5,570)	4,740	(150,682)
Carrying amount at the end of the year						
Cost	4,366,766	12,074,126	383,973	1,040,501	232,247	18,097,613
Depreciation (Accumulated depreciation)	1,821,914	7,800,569	382,623	987,003	-	10,992,109
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	2,544,852	3,797,810	1,350	53,426	232,247	6,629,685

Depreciation is based on the shorter duration of the year.

Finance leases

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases, with which the user company would record the asset received as a lease under fixed assets and calculate the related depreciation rates on the asset, while at the same time recognising the debt for the principal portion of the instalments to be paid. In this case, the interest portion and the depreciation charge for the year would be recognised in the income statement.

The national legislator requires finance leases to be accounted for as though they were operating leases, with lease instalments charged to income.

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from applying finance lease accounting:

	Effects on Shareholders' Equity - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year	-	2,974,793
	- of which the gross amount	6,842,493	-
	- of which accumulated depreciation	(3,867,700)	-
a.2)	Assets purchased under finance leases during the year	-	-
a.3)	Assets under finance leases redeemed during the year	-	-
a.4)	Depreciation charge for the year	-	(35,958)
a.5)	Writedowns/writebacks on assets under finance leases		
a.6)	Assets under finance leases at the end of the year	-	2,934,095
	- of which the gross amount	6,837,753	-
	- of which accumulated depreciation	(3,903,658)	-
a.7)	Prepaid instalment interest at the end of the year	-	(137,025)
a.8)	Curtailment of prepaid expenses under the balance sheet method	-	-
b)	**Redeemed assets**		
b.1)	Higher/lower total value of redeemed assets (compared with the net carrying amount at the end of the year)	-	-
	Effects on Shareholders' Equity - Liabilities		
c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year	-	1,929,338
	- of which due within one year	506,243	-
	- of which due beyond one and within 5 years	1,423,095	-
	- of which due beyond 5 years	-	-
c.2)	Implicit payables that arose during the year	-	-
c.3)	Repayment of principal and redemptions during the year	-	133,199
c.4)	Implicit liabilities for finance leases at the end of the year	-	1,796,139
	- of which due within one year	457,065	-
	- of which due beyond one and within 5 years	1,339,074	-
	- of which due beyond 5 years	-	-
c.5)	Accrued instalment interest at the end of the year	-	-
c.6)	Change in trade payables	-	-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**	**-**	**1,000,932**
e)	**Tax effect**	**-**	**(279,260)**
f)	**Effect on shareholders' equity at the end of the year (d-e)**	**-**	**721,672**
	Effects on the Income Statement		
g)	**Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)**	**102,728**	**-**
g.1)	Reversal of instalments on finance lease transactions	162,389	-
g.2)	Recognition of financial charges on finance lease transactions	(23,703)	-
g.3)	Recognition of depreciation charges on outstanding contracts	(35,958)	-
g.4)	Recognition of depreciation charges on redeemed assets	-	-
g.5)	Recognition of adjustments/write-backs on leased assets	-	-
h)	**Recognition of the tax effect**	**(28,661)**	**-**
i)	**Net effect on the result for the year (g-h)**	**74,067**	**-**

The lease of the die-casting island will expire in September, 2019, whereas the property lease will end in March, 2021.

Financial fixed assets

Equity investments included in financial fixed assets amount to € 4,530 at 31st March, 2019, the same as at 31st December, 2018.

Movements in equity investments, other securities and non-current derivative financial instruments

The following table shows the movements in financial fixed assets during the year.

	Equity investments in other businesses	Total equity investments
Balance at the beginning of the year		
Cost	5,687	5,687
Writedowns	1,157	1,157
Carrying amount	4,530	4,530
Carrying amount at the end of the year		
Cost	5,687	5,687
Writedowns	1,157	1,157
Carrying amount	4,530	4,530

Changes in and maturity of non-current receivables

Receivables included under financial fixed assets amount to € 18,756 at 31st March, 2019, the same as at 31st December, 2018.

The following table shows the movements in financial fixed assets during the year.

	Balance at the beginning of the year	Carrying amount at the end of the year	Within one year
Other receivables	18,756	18,756	18,756
Total	**18,756**	**18,756**	**18,756**

The item relates to security deposits referring to multi-year contracts such as car rental and customs warehouse for the electric workshop licence.

CURRENT ASSETS

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at 31st March, 2019 total € 4,379,048, net of an allowance amounting to € 574,449, set aside in previous years in proportion of the valuation of the impact of the potential risks associated with obsolete and slow-moving items. The allowance remained unchanged compared with the previous year.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
raw materials, ancillary materials and consumables	916,795	(63,454)	853,341
work in process and semi-finished products	2,083,150	27,747	2,110,897
finished products and goods	1,647,369	(232,559)	1,414,810
Total	**4,647,314**	**(268,266)**	**4,379,048**

Current receivables

The total € 6,865,346 at 31st March, 2019. These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year
Trade receivables	5,565,596	(433,187)	5,132,409	5,132,409
Receivables due from companies under common control	-	651,103	651,103	651,103
Tax receivables	227,637	(147,547)	80,090	80,090
Deferred tax assets	942,764	(55,411)	887,353	-
Other receivables	106,792	7,599	114,391	114,391
Total	**6,842,789**	**22,557**	**6,865,346**	**5,977,993**

Trade receivables (€ 5,132,409 at 31st March, 2019) are expressed at their presumed realization value, given the irrelevance of the application of the amortized cost approach. The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 134,618, which has decreased by € 45,000 during the year under review.

The amount receivable from companies under common control (€ 651,103 at 31st March, 2019) relates to the trade receivables due from Endurance S.p.A..

Tax receivables (€ 80,090 at 31st March, 2019) almost entirely consist of VAT recoverable from the Italian tax authorities (€ 25,104) and IRES and IRAP receivable (€ 54,986) of previous years.

Deferred tax assets amount to € 887,353 at 31st March, 2019 and mainly relate to tax losses not yet used and differences between the carrying amount of goodwill in the statutory accounts and fiscal accounts, as well as in the deferred deductibility of risk provisions and writedowns. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts and how, in fact, it took place during the year where the reduction in the item corresponds to the use of the credit connected to the use of prior year tax losses.

Other receivables (€ 114,391 at 31st March, 2019) consist of miscellaneous non-trade receivables.

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the automotive sector that each have legal entities and factories located in several countries. In fact, at the year-end foreign trade receivables amount to 31.5% of all trade receivables.

Cash and cash equivalents

Pursuant to art. 2427, para. 1, point 9, of the Italian Civil Code, we point out the existence of restricted liquid funds.

Specifically, among cash and cash equivalents, the amount of € 213,085 is allocated for the payment of residual liabilities deriving from the bankruptcy procedure, which became enforceable during the previous year, for which we are waiting for the correct indication of the creditor and the exact amount which, in any case, should not exceed the amount set aside.

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	3,767,329	(38,072)	3,729,257
cash on hand	707	1,186	1,893
Total	**3,768,036**	**(36,886)**	**3,731,150**

This item principally comprises the balance on bank current accounts at 31st March, 2019. The changes in cash and cash equivalents are analysed in the statement of cash flows.

Prepaid expenses and accrued income

Prepaid expenses at 31st March, 2019 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Accrued income	451	2,298	2,749
Prepaid expenses	157,453	(6,551)	150,902
Total prepaid expenses and accrued income	**157,904**	**(4,253)**	**153,651**

Prepaid expenses mainly include the future portion of lease instalments and at various costs.

EXPLANATORY NOTES, LIABILITIES AND SHAREHOLDERS' EQUITY

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholders' equity items

With reference to the year just ended, the table below sets out changes in the components of shareholder's equity, as well as details of other reserves, if any.

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Carrying amount at the end of the year
Share capital	900,000	-	-	900,000
Revaluation reserves	1,339,901	-	-	1,339,901
Legal reserve	180,000	-	-	180,000
Extraordinary reserve	4,693,035	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	760,126
Retained earnings (accumulated losses)	-	368,833	-	368,833
Net income (loss) for the year	368,833	(368,833)	293,126	293,126
Total	**8,241,895**	**-**	**293,126**	**8,535,021**

Share capital, which consists of 900,000 shares with a par value of € 1.00 each, is fully subscribed and paid.

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/ Nature	Potential utilisation	Amount available
Share capital	900,000	Share capital	-	-
Revaluation reserves	1,339,901	Share capital	A;B	-
Legal reserve	180,000	Revenue	B	-
Extraordinary reserve	4,693,035	Revenue	A;B;C	4,693,035
Payments towards increase in capital	760,126	Share capital	A;B;C	760,126
Retained earnings (accumulated losses)	368,833	Revenue	A;B;C	368,833
Total	**8,241,895**			**5,821,994**

Amount not distributable	887,353
Residual amount distributable	4,394,641
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other	

With reference to the use made by the Company of the revaluation reserves, as shown in the statement of changes in equity, we would like to point out that the Company will not be able to distribute profits until these reserves have been reinstated for the same amount or reduced accordingly with a shareholders' resolution (pursuant to article 6 of Law 72/83 and subsequent revaluation laws).

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 c.c., covers the deferred tax assets recognised in the balance sheet, which are deemed to represent unrealised amounts.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Provision for pensions and similar commitments	51,840	51,840	(51,840)	-
Other provisions	1,549,595	-	-	1,549,595
Total	**1,601,435**	**51,840**	**(51,840)**	**1,549,595**

The provision for pensions and similar obligations is for the indemnity paid to Directors when they leave office.

Other provisions

Provisions were made in the year to cover various liabilities (trade, tax, employment, etc), and were based on the best estimate with reference to the information available.

Provision for employee termination indemnity

Employee termination indemnities amount to € 314,773 at 31st March, 2019 (€ 315,102 al 31st December, 2018). The changes during the year are summarised below.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Other changes	Changes during the year - Total	Carrying amount at the end of the year
Provision for employee termination indemnity	315,102	38,146	37,817	(329)	314,773

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded in the period are related to advances paid to employees on termination of employment. The amount shown in the financial statements (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable, which are illustrated in the other change column.

Payables

Payables total € 10,508,899 at 31st March, 2019.

Pursuant to art. 12, para. 2 of Legislative Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1st January, 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year
Due to banks	1,378	(1,378)	-	-
Advances	1,362,650	(1,177,150)	185,500	185,500
Trade payables	8,337,913	(1,084,608)	7,253,305	7,253,305
Payables due to parent companies	-	220,000	220,000	220,000
Payables due to companies under common control	-	1,484,070	1,484,070	1,484,070
Tax payables	230,250	(111,224)	119,026	119,026
Due to pension and social security institutions	266,366	(130,072)	136,294	136,294
Other payables	983,410	127,294	1,110,704	1,110,704
Total	**11,181,967**	**(673,068)**	**10,508,899**	**10,508,899**

Advances refers to the initial provision provided by customers for commercial supplies. The significant reduction compared with the previous year is attributable to the reclassification of the advances received from the affiliates under the item "Payables due to companies under common control", as better detailed below.

The item Payables due to companies under common control relates to relations with the other companies belonging to the Endurance group and in this case to Endurance S.p.A. The item in question refers for € 1,100,000 to the initial provision provided for future supplies, € 372,234 for trade payables and for € 11,836 to other sundry payables.

Tax payables amounting to € 119,026 include € 112,763 of taxes withheld for various reasons from employees and freelance workers and € 6,263 of the IRAP liability

Amounts due to pension and social security institutions for a total of € 136,294 mainly refer to social contributions on the work performed by employees and self-employed workers.

Other payables total € 1,110,704 and mainly comprise the amounts due to employees and accrued payroll (€ 975,872) and miscellaneous payables, including among others, payables related to the conclusion of the arrangement with creditors (€ 134,832).

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of Art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The Company has not received any loans from its Shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Accrued expenses	4,969	14,733	19,702
Deferred income	877,529	(20,628)	856,901
Total accrued expenses and deferred income	**882,498**	**(5,895)**	**876,603**

Deferred income relates for € 165,432 to the capital gain on the sale and leaseback of a property and for € 691,469 to proceeds that refer to future years.

EXPLANATORY NOTES, INCOME STATEMENT

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

As mentioned in the introduction, the income statement figures in these financial statements refer to a period of 3 months from 1st January, 2019 to 31st March, 2019, so they are not comparable with the prior year figures, which cover a 12-month period from 1st January, 2018 to 31st December, 2018.

Value of production

The following table shows the details of the items making up the value of production for the period from 1st January to 31st March, 2019 and the comparison with the previous year:

Description	FY 31.03.2019 (3 months)	FY 2018 (12 months)	Change
1) Revenues from sales of goods and services	7,899,019	28,584,168	(20,685,149)
2) Change in inventories of work in progress, semi-finished and finished products	82,643	(367,683)	450,326
3) Other income and revenues	-	-	-
4) Operating grants	-	98,330	(98,330)
5) Other	79,370	3,304,916	(3,225,546)
Total	**8,061,032**	**31,619,731**	**(23,558,699)**

Given the different duration of the financial periods, the figures in the table are not directly comparable, but it is worth pointing out that "other income and revenues" in the previous year included the out-of-period income resulting from completion of the arrangement with creditors procedure to which the company was subject prior to the acquisition.

Analysis of revenues from sales and services by category of activity

Revenues from sales of goods and services predominantly relate to machining and foundry work, which is the Company's core business.

Analysis of revenues from sales and services by geographical area

During the year, sales revenues mainly relate to transactions with domestic customers.

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 31.03.2019 (3 months)	FY 2018 (12 months)	Change
Cost of raw and ancillary materials, consumables and goods for resale	2,514,186	10,956,016	(8,441,830)
Cost of services	2,949,386	11,373,686	(8,424,300)
Lease and rental charges	194,389	781,854	(587,465)
Payroll costs	-	-	-
Wages and salaries	1,026,507	3,870,022	(2,843,515)
Social contributions	304,884	1,102,441	(797,557)
Employee termination indemnity	12,804	71,395	(58,591)
Other costs	40,963	188,164	(147,201)
Amortisation of intangible assets	475	75,132	(74,657)
Depreciation of tangible fixed assets	223,982	829,347	(605,365)
Other writedowns of fixed assets	-	541,219	(541,219)
Writedown of receivables included in current assets	-	135,002	(135,002)
Change in inventory of raw and ancillary materials, consumables and goods	350,908	-615,557	966,465
Provisions for risks	-	1,407,391	(1,407,391)
Other operating expenses	50,846	442,887	(392,041)
Total	**7,669,330**	**31,158,999**	**(23,489,669)**

Comparison with the previous year's costs are not representative given that the duration of the period in question is only three months.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial charges (€ 10,358) mainly relate to factoring activities.

Composition of income from equity investments

There has been no income from equity investments as indicated by paragraph 15 of Art. 2425 of the Italian Civil Code.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.

During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	FY 31.03.2019 (3 months)	FY 2018 (12 months)
Income taxes	**92,062**	**79,485**
Current taxation	-	-
of which: IRES for the year (current)	2,389	-
of which: IRAP for the year (current)	34,262	91,119
of which: Taxation relating to prior years	-	-
Deferred taxation	55,411	(11,634)

Recognition of deferred tax assets and liabilities and their impact

	IRES tax	IRAP tax
A) Temporary differences		
Total deductible temporary differences	239,784	36,543
Total taxable temporary differences	13,248	9,800
Net temporary differences	(226,536)	(26,743)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(890,564)	(52,200)
Deferred tax liability (assets) of the year	54,368	1,043
Provision for deferred tax liability (assets) at the end of the year	(836,196)	(51,157)

Deferred tax assets and liabilities have been calculated using the rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The balance of deferred tax assets shown in the table is the net of provisions for the year less the deferred tax assets recognised in previous years and reversed during the period. To be specific, for IRES purposes, there is a higher reversal of deferred tax assets compared with the amount provided for because of the release of deferred tax assets provided for in previous years as they could be offset against tax losses and other temporary differences.

With regard to IRAP, the higher deferred tax assets for previous years released in the year in question are attributable to the lower costs set aside because of the shorter financial year.

EXPLANATORY NOTES, OTHER INFORMATION

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	White collar	Blue collar	Total employees
Average number	18	67	85

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf.

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	25,000	9,800

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services:

	Legal audit of the annual financial statements	Total fees earned by the legal auditor or auditing firm
Amount	11,500	11,500

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company.

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2 of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4th August, 2017

Starting from the 2018-2017 financial statements, art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

In consideration of the fact that this provision has raised questions of interpretation and application that are still unresolved, the Company has carried out investigations and, also in the light of the latest guidelines, considers that they do not fall within the scope of the disclosure requirement.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

It is hereby confirmed that the company is not party to any financial derivatives.

Summary financial statements of the company which exercises management and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which wholly owns the Company via the society Endurance Overseas S.r.l.

The values shown refer to the last approved financial statements of Endurance Technologies Limited and are expressed in millions of Indian Rupees. For greater clarity of interpretation, it should be noted that as of 31st March, 2018 the rupee / euro exchange rate (source www.ecb.europa.eu) was 80.2960 (69.3965 at 31st March, 2017):

Balance sheet	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Assets		
Non-current assets		
Fixed assets, net	10,181.26	8,798.80
Investments and other non-current assets	5,550.27	5,456.61
Current assets	10,323.57	8,245.55
Total Assets	**26,055.10**	**22,500.96**
Liabilities and shareholders' equity		
Shareholders' equity	**17,922.58**	**15,630.64**
Non-current liabilities		
Non-current financial liabilities	49.58	198.52
Other non-current liabilities	63.25	187.91
Current liabilities		
Current financial liabilities	7,072.36	5,520.23
Other current liabilities	947.33	963.66
Total liabilities and shareholders' equity	**26,055.10**	**22,500.96**

Income Statement	**Financial statements for the year ended 31st March, 2018**	**Financial statements for the year ended 31st March, 2017**
Revenues	**47,874.05**	**42,926.99**
Operating costs	41,786.44	38,091.04
Depreciation and amortisation	1,696.31	1,668.57
Financial charges	102.49	178.57
Non-recurring income/(expense)	(268.78)	-
Income before tax	**4,020.03**	**2,988.81**
Taxation for the year (current and deferred)	1,304.00	773.84
Income (loss) for the year	**2,716.03**	**2,214.97**
OCI - Other comprehensive income	(0.84)	(17.83)
Total statement of comprehensive income	**2,715.19**	**2,197.14**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Proposed allocation of profits or coverage of losses

Shareholders, In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 293,126 to "retained earnings".

EXPLANATORY NOTES, CLOSING SECTION

Shareholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31st March, 2019, together with the proposed allocation of the net result for the year, as submitted by the Board of Directors.

The financial statements are true and real and agree with the books of account.

Bione (BS), 10th May, 2019
For the Board of Directors
The Managing Director
Luca Ghidini

ENDURANCE CASTINGS S.p.A.

Statutory financial statements as of 31st March, 2019

Independent Auditor's Report

Independent Auditor's Report

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27TH JANUARY, 2010

To the Sole Shareholders of

ENDURANCE CASTINGS S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Castings S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2019, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

For a better understanding of the financial statements, we drawn attention to the fact that, as indicated by the Directors in the report on operations and in the explanatory notes, on January 7, 2019 the Company's Shareholders' meeting approved the change of the reference date of the financial year setting the duration from April 1st to March 31st of the following year. This change was implemented in order to align the balance sheet date with that of the other companies of the Endurance Group, of which Endurance Castings S.p.A. became part on January 7, 2019. Consequently, the Company prepared the financial statements for the period from January 1, 2019 to March 31, 2019, whose figures are therefore not comparable with those of the previous period (referring to a 12 months period from January 1, 2018 to December 31, 2018).

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Castings S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Castings S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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.

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

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Castings S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Castings S.p.A. as at March 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 13, 2019

This report has been translated into the English language solely for the convenience of international readers.

Report of the Board of Statutory Auditors

Statutory financial statements for the year ended 31st March, 2019

Report to the Shareholders' Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code. - Administrative supervision

During the course of the financial year ended 31st March, 2019, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Please note that the Financial Statements referred to in this report relate to a financial year with a reduced duration, represented by the quarter from 1st January, 2019 to 31st March, 2019. The reason for the shortened duration of the financial year is due to the need to harmonise the duration of the financial year with that of the other entities belonging to the Endurance Group, of which the Company became a member, as from 7th January, 2019, as indicated in more detail by the Directors in the Notes to the financial statements.

Activities carried out by the Board of Statutory Auditors during the year ended 31st March, 2018

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and based on the information obtained, we have no particular findings to report.

We met with the Independent Auditors and based on the information acquired, no significant issues arose that require disclosure in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report, therefore, summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code.

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Information on the financial statements

The draft financial statements for the year ended 31st March, 2019, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet
- Income statement
- Statement of cash flows
- Explanatory notes

The main data of the draft Financial Statements for the year ended 31st March, 2019 are shown below:

BALANCE SHEET

Description	FY 2019	FY 2018	Difference
Fixed assets	6,655,696	6,806,854	(151,158)
Current assets	14,975,544	15,258,139	(282,595)
Prepaid expenses and accrued income	153,651	157,904	(4,253)
Total assets	**21,784,891**	**22,222,897**	**(438,006)**

Description	FY 2019	FY 2018	Difference
Shareholders' equity	8,535,021	8,241,895	293,126
Provision for risks and charges	1,549,595	1,601,435	(51,840)
Provision for employee termination indemnity	314,773	315,102	(329)
Payables	10,508,899	11,181,967	(673,068)
Accrued expenses and deferred income	876,603	882,498	(5,895)
Total liabilities and shareholders' equity	**21,784,891**	**22,222,897**	**(438,006)**

INCOME STATEMENT

Description	FY 2019	FY 2018	Difference
Value of production	8,061,032	31,619,731	(23,558,699)
Revenues from sales of goods and services	7,899,019	28,584,168	(20,685,149)
Production costs	7,669,330	31,158,999	(23,489,669)
Difference between production value and cost	391,702	460,732	(69,030)
Result before taxes	385,188	448,318	(63,130)
Income taxes for the year, current and deferred	92,062	79,485	12,577
Profit (loss) for the year	**293,126**	**368,833**	**(75,707)**

We have examined the draft financial statements for the year ended 31st March, 2019, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited our monitoring activity to the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31st March, 2019 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 5, of the Italian Civil Code, no stat-up costs or development costs are recorded in the financial statements.
- pursuant to art. 2426 para. 6 of the Italian Civil Code, it should be noted that no goodwill was recorded under intangible assets in the financial statements related to the year ended 31st March, 2019.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

RESULT FOR THE YEAR

The net result ascertained by the Directors for the year ended 31st March, 2019, as shown in the financial statements, is positive for € 293,126.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

CONCLUSION

Also considering the results of the work performed by the independent auditors, as explained in their audit report, issued on 13th May, 2019, with no exceptions or remarks and including an information paragraph concerning the aforementioned change in the reference date of the financial year and related effects on the comparability of data for the previous year, we unanimously believe that there are no reasons why the Shareholders' Meeting should not approve the draft annual financial statements for the year ended 31st March, 2019, as drafted and proposed by the Directors.

Milano, 13th May, 2019

The Board of Statutory Auditors

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

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