

Company Announcement

The following is a company announcement issued by SFA S.p.A., hereinafter the “Company” of 5/7, Via Dell’Industria, 30030Pianiga (VE), Italy, issued in terms of the rules of Prospects, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange (“**Prospects**”).

Quote

The Company is pleased to announce that Financial Statements for the period ended 31st December 2016 and the Reports were duly considered and approved.

The Financial Statements are available for viewing on the Investor Relations section on the Company’s website:

<http://investor.sfspa.com/bilancio-e-relazioni-finanziarie/>

Unquote

A handwritten signature in blue ink, appearing to read 'Tonino Alferi', is written over a horizontal line.

Mr. Tonino Alferi

V.P. - CEO

Pianiga, 29th June 2017



Company Information

SFA SpA

| | |
|---|--|
| Registered office: | Via dell'Industria n. 5/7 PIANIGA (VE) |
| Registered with the Registry of Companies of: | VENEZIA |
| Tax Registration Number: | 03612200166 |
| Registered with the REA of VENEZIA | no. 379695 |
| Subscribed share capital | €: 700.000,00 Fully paid |
| VAT registration number: | 03612200166 |

Board of Directors

- Chairman: dr. Giovanni Petris
- V.P.–CEO: dr. Tonino Alferi
- CEO: ing. Samuele Salotti
- CEO: pi Maurizio Mazzucco
- Non Executive: dr. Marco Sciannameo

Board of Statutory Auditors

- President: dr. Gianpaolo Graberi
- Statutory auditor: dr. Fabrizio Giglio
- Statutory auditor: dr. Michele de Faveri

The Board of Directors was appointed by the General Meetings of 18 April 2016 and 24 November 2016, and remains in office until the approval of the financial statements as at 31 December 2018

The Board of Statutory Auditors was appointed by the General Meeting of 18 April 2016 and remains in office until the approval of the financial statements as at 31 December 2018

Company situation and operations

OPERATION SECTORS

From 1995 SFA operates in the sectors of ecology and site reclamation, environmental engineering, industrial insulation and plant decommissioning.

Site reclamation

SFA is specialized on the reclamation of soils and areas polluted by various toxic substances through the employment of traditional and new Technologies. The society has the equipment and the abilities to follow and complete all the activity phases: from the analysis and the planning to the execution.

The wastes that aren't treated in the site are transferred in specialized Italian and European waste treatment plant. Every phase of the process is executed with maximum accuracy and diligence according with the mandatory legislation, for maximum customer protection.

Asbestos reclamation

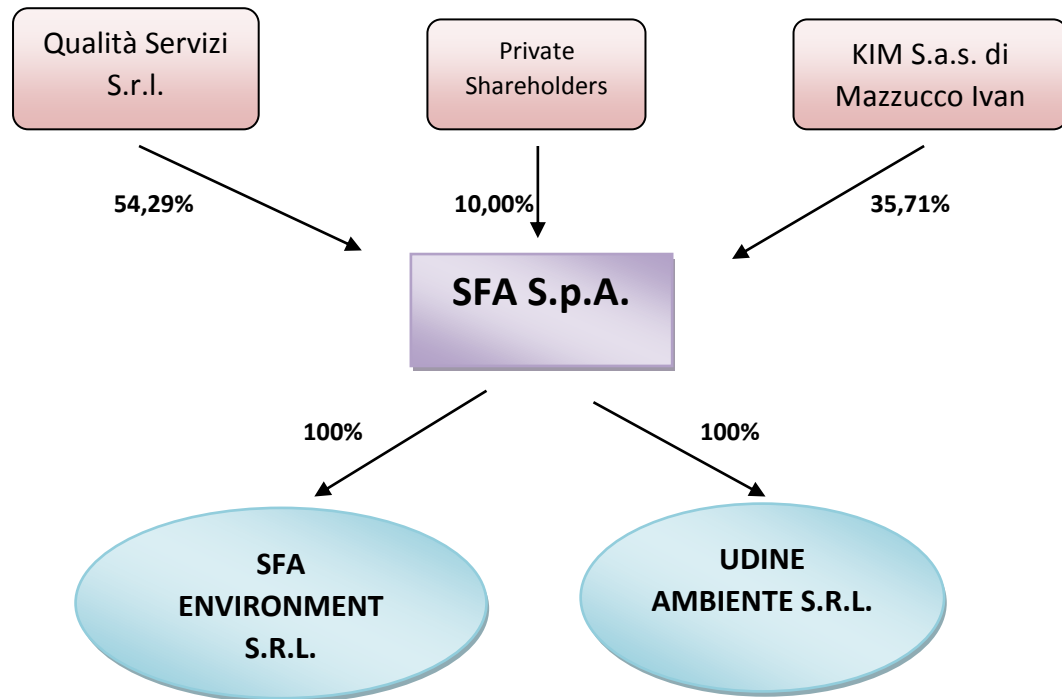
SFA intervenes in civil and industrial sites for the reclamation of structures and soils polluted by asbestos (friable or non-friable) with traditional and new technologies. Each phase of the reclamation process is executed by highly qualified employees and it's constantly certificated and controlled.

Decommissioning

SFA operates in the decommissioning area supplying, independently or with other societies, at:

- Reclamation of pipes, pipeline and tanks
- Drainage system washing and removing
- Plant decontamination and demolition
- Wastes transport and disposal in authorized plant

The Group



SFA S.p.A. holds the entire share capital, so is the only partner, of:

SFA ENVIRONMENT Srl with headquarter in Rome, Via Tirso 26. This company has the target of promote business services concerning the management (i.e. collection, sorting/treatment and disposal) of special waste.

UDINE AMBIENTE Srl, with headquarter in Udine, Viale Palmanova 70/a, which fundamental activity is the realization of treatment plant for not-dangerous wastes disposal in Udine and in Friuli Venezia Giulia.

Financial Statements (year ended 31 December 2016)

Statement of Comprehensive Income

as at 31/12/2016

| OPERATING RESULTS | Year 2016 | Year 2015 |
|---------------------------------|-------------------|-------------------|
| <i>Units of EUR</i> | | |
| REVENUE | 2.574.505 | 2.292.463 |
| Sales and service revenue | 2.574.505 | 2.292.463 |
| Cost of sales | -938.270 | -642.184 |
| Cost sales | -938.270 | -642.184 |
| GROSS PROFIT | 1.636.235 | 1.650.279 |
| OPERATING EXPENSES | -827.821 | -923.178 |
| FIXED Non-VATable | -750.842 | -882.186 |
| Salaries | -718.204 | -863.587 |
| Insurance | -32.638 | -18.599 |
| FIXED VATable | -76.979 | -40.992 |
| Rent | -36.450 | -18.600 |
| Utilities | -17.882 | -13.415 |
| Maintenance | -22.647 | -8.977 |
| VARIABLE Non VATable | -153.484 | -148.351 |
| Travelling & Lodging | -153.484 | -148.351 |
| VARIABLE VATable | -644.812 | -339.866 |
| Consultants | -10.894 | -32.936 |
| Office & Admin costs | -326.486 | -222.562 |
| Business development | -213.208 | -34.550 |
| Legal & professional fees | -94.224 | -49.818 |
| Other income | 192.676 | 8.689 |
| Other income | 192.676 | 8.689 |
| TOTAL OPERATING EXPENSES | -1.433.441 | -1.402.706 |
| EBITDA | 202.794 | 247.573 |
| Intangibles - impairment charge | -21.128 | -20.657 |
| Freehold property- depreciation | -4.800 | -26 |
| PPM- depreciation charge | -56.382 | -49.236 |
| EBIT | 120.484 | 177.654 |
| Interest | -42.127 | -68.670 |
| Taxation | -22.772 | -72.453 |
| NET PROFIT/LOSS | 55.585 | 36.531 |

Statement of Financial Position

as at 31/12/2016

| BALANCE SHEET | Year 2016 | | Year 2015 | |
|---|-----------|------------------|-----------|------------------|
| <i>Units of EUR</i> | | | | |
| ASSETS | | | | |
| FIXED ASSETS | | | | |
| Intangibles – cost | | 978.399 | | 973.401 |
| Intangibles - additions | | | | |
| Intangibles - impairment | - | 23.866 | - | 3.206 |
| Intangibles - impairment charge | - | 21.128 | - | 20.657 |
| Freehold property - cost | | 200.000 | | 200.000 |
| Freehold property - depreciation | - | 26 | - | - |
| Freehold property - depreciation charge | - | 4.800 | - | 26 |
| PPM – cost | | 344.235 | | 324.619 |
| PPM – additions | | | | |
| PPM - depreciation | - | 52.122 | - | 5.256 |
| PPM - depreciation charge | - | 56.382 | - | 49.236 |
| Equity investments | | 62.126 | | 52.950 |
| Long Term Receivables | | 84.000 | | |
| TOTAL FIXED ASSETS | | 1.510.436 | | 1.472.589 |
| CURRENT ASSETS | | | | |
| | | - | | - |
| Inventory | | 35.089 | | 34.258 |
| Accounts receivable | | 1.556.507 | | 1.000.719 |
| Cash at bank and in hand | - | 483.933 | - | 221.164 |
| Other receivables | | 1.082.340 | | 188.187 |
| TOTAL CURRENT ASSETS | | 2.190.003 | | 1.002.000 |
| CURRENT LIABILITIES | | | | |
| Accounts payable | - | 1.038.234 | - | 532.418 |
| VAT | - | 35.685 | - | 42.756 |
| Tax and SSC liability | - | 152.328 | - | 213.485 |
| Corporation tax | - | 22.772 | - | 99.265 |
| Other payables | - | 91.554 | - | 115.457 |
| TOTAL CURRENT LIABILITIES | - | 1.340.573 | - | 1.003.381 |
| NET CURRENT ASSETS | | 849.430 | - | 1.381 |



Annual Report and Financial Statements

| | | | | |
|-----------------------------------|---|------------------|---|----------------|
| LONG TERM LOAN | | - | | - |
| Provisions | - | 322.088 | - | 282.283 |
| Long term loan | - | 681.546 | - | 399.253 |
| TOTAL LONG TERM LOAN | - | 1.003.634 | - | 681.536 |
| | | - | | - |
| NET ASSETS | | 1.356.232 | | 789.672 |
| CAPITAL AND RESERVES | | | | |
| Share capital brought forward | | 1.228.737 | | 715.762 |
| New share capital | | | | |
| Profit and loss account b/f | | 71.910 | | 37.379 |
| Current period profit/loss | | 72.314 | | 36.531 |
| TOTAL CAPITAL AND RESERVES | | 1.372.961 | | 789.672 |

Statement of Changes in Equity

as at 31/12/2016

| | Year 2016 | Year 2015 |
|--|------------------|----------------|
| Shareholders' equity | | |
| I - Share capital | 700.000 | 700.000 |
| II - Share premium reserve | 10.000 | 10.000 |
| IV - Legal reserve | 5.000 | 3.000 |
| VI - Other reserves (Miscellaneous other reserves) | 510.973 | |
| VIII - Retained earnings (accumulated losses) | 71.910 | 37.379 |
| IX - Profit (loss) for the year | 55.585 | 36.531 |
| Total Shareholders' Equity | 1.353.468 | 786.910 |

Statement of Cash Flows

as at 31/12/2016

| | Amount as at 31/12/2016 |
|---|----------------------------|
| A) Financial flow from operations (indirect method) | |
| Net profit (loss) for the year | 55.585 |
| Income taxes | 22.772 |
| Interest expenses/(income) | 42.127 |
| (Dividends) | |
| (Capital gains)/Capital losses resulting from asset disposal | 6.886 |
| <i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i> | <i>127.370</i> |
| Adjustments for non-monetary elements with no offset in working capital | |
| Accruals to provisions | 40.666 |
| Depreciation of assets | 82.310 |
| Writedowns due to impairment | |
| Adjustment of value of financial assets and liabilities of derivative financial instruments not involving cash transactions | |
| Other increasing/(decreasing) adjustments for non-monetary items | -7.655 |
| <i>Total adjustments for non-monetary items with no offset in net working capital</i> | <i>115.321</i> |
| <i>2) Financial flow before changes to the net working capital</i> | <i>242.691</i> |
| Changes in net working capital | |
| Decrease/(Increase) of inventories | -332.891 |
| Decrease/(Increase) of credits towards customers | -223.728 |
| Increase/(Decrease) in payables due to suppliers | 465.347 |
| Decrease/(Increase) in accrued income and deferred expenses | -174.318 |
| (Increase)/Decrease in accrued liabilities and deferred income | 2.971 |
| Other decreases/(Other increases) of net working capital | -612.614 |
| <i>Total changes in net working capital</i> | <i>-875.233</i> |
| <i>3) Financial flow after changes to the net working capital</i> | <i>-632.542</i> |
| Other adjustments | |
| Interest collected/(paid) | -42.127 |
| (income taxes paid) | -22.772 |
| Dividends collected | |
| (Use of provisions) | |

| | |
|--|------------------------|
| Other collections/(payments) | -861 |
| <i>Total other adjustments</i> | <i>-65.760</i> |
| <i>Financial flow from operations (A)</i> | <i>-698.302</i> |
| B) Financial flow from investing activities | |
| Tangible fixed assets | |
| (Investments) | -21.984 |
| Disinvestments | |
| Intangible fixed assets | |
| (Investments) | -1.997 |
| Disinvestments | |
| Financial fixed assets | |
| (Investments) | -43.176 |
| Disinvestments | |
| Financial assets not classified as noncurrent | |
| (Investments) | |
| Disinvestments | |
| (Acquisition of company branches net of cash and cash equivalents) | |
| Sale of company branches net of cash and cash equivalents | |
| <i>Cash flow from investing activities (B)</i> | <i>-67.157</i> |
| C) Financial flow from financing activities | |
| Loan capital | |
| Increase/(Decrease) in short-term payables due to banks | 227.984 |
| New loans | 30.000 |
| (Reimbursement of loans) | -9.330 |
| Equity | |
| Increase in paid share capital | 510.976 |
| (Capital reimbursement) | |
| Disposal/(Purchase) of treasury shares | |
| (Dividends and advances on dividends paid) | |
| <i>Cash flow from financing activities (C)</i> | <i>759.630</i> |
| <i>Increase (decrease) in cash and cash equivalents (A ± B ± C)</i> | <i>-5.829</i> |
| Effect of exchange rates on cash and cash equivalents | |
| Cash and cash equivalents at the beginning of the fiscal year | |
| bank and post office deposits | 8.008 |
| Cheques | |
| Cash and equivalents on hand | 2.638 |



Annual Report and Financial Statements

| | |
|---|--------|
| Total cash and cash equivalents at the beginning of the fiscal year | 10.646 |
| Of which, not freely usable | |
| Cash and cash equivalents at the fiscal year end | |
| bank and post office deposits | 2.992 |
| cheques | |
| Cash and equivalents on hand | 1.825 |
| Total cash and cash equivalents at the end of the fiscal year | 4.817 |
| Of which, not freely usable | |

Closing Remarks

These financial statements, consisting of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, comply with IFRS and give a true and fair view of the Company's financial position, financial performance and cash flows; they are consistent with the accounting records.

Pianiga (Ve), 29 June 2017

On behalf of the Board of Directors

Mr. Tonino Alferi