

STATUTORY FINANCIAL STATEMENTS

General Information about the Company

Name: COSMINT GROUP S.p.A. (sole shareholder company)
Registered office:
Share capital: €50,000
Share capital fully paid-in: Yes
CCIAA Code: Como
VAT Number: 01998540130
Tax Code: 01998540130
REA No.: 232892
Legal form: Company with a sole shareholder
Main business sector (ATECO): 701000 Operating holding company
Company in liquidation: No
Company with a sole shareholder: Yes
Company subject to direction and coordination by another company: Yes
Name of company that exercises direction and coordination: Intercos S.p.A.
Part of a group: Yes
Name of the group holding company: Intercos S.p.A.
Country of group holding company: Italy

Statement of Financial Position

	12/31/2017	12/31/2016
Statement of Financial Position		
Assets		
B) Non-current assets		
I - Intangible assets	2,012	2,817
II - Property, plant and equipment	6,972	6,728
III - Financial assets	33,981,479	21,739,493
Total non-current assets (B)	33,990,463	21,749,038
C) Current assets		
II - Receivables		
due within 1 year	2,285,316	3,152,483
due beyond 1 year	13,079	15,695
deferred tax assets	7,001	4,110
Total receivables	2,305,396	3,172,288
IV - Cash and banks	1,148,333	701,275
Total current assets (C)	3,453,729	3,873,563
D) Accrued income and prepaid expenses	39,542	48,106
Total Assets	37,483,734	25,670,707
Equity and Liabilities		
A) Equity		
I - Share capital	50,000	10,200
II - Share premium reserve	0	0
III - Revaluation reserves	0	0
IV - Legal reserve	2,040	2,040
V - Statutory reserves	0	0
VI - Other reserves	9,797,541	17,532
VII - Cash flow hedge reserve	0	0
VIII - Retained earnings	1,100,184	1,134,718
IX - Profit for the year	3,195	5,266
Loss absorbed during year	0	0
X - Reserve for treasury shares	0	0
Total equity	10,952,960	1,169,756
B) Provisions for liabilities and expenses	522,972	455,141
C) Employee severance indemnities	463,247	448,515
D) Payables		
due within 1 year	1,740,028	3,439,193

due beyond 1 year	23,804,527	20,146,701
Total payables	25,544,555	23,585,894
E) Accrued liabilities and deferred income	0	11,401
Total Equity and Liabilities	37,483,734	25,670,707

Income Statement

	2017	2016
Income Statement		
A) Production value		
1) revenues from sales and services	2,670,598	2,454,085
5) other revenues and income		
other	31,718	60,894
Total other revenues and income	31,718	60,894
Total production value	2,702,316	2,514,979
B) Production costs		
6) purchases of raw materials, auxiliaries, consumables and goods for resale	21,261	26,159
7) services	725,241	670,095
8) lease and rent expenses	79,022	76,708
9) personnel		
a) salaries and wages	1,288,453	1,173,819
b) social security expenses	306,501	300,842
c), d), e) employee severance indemnities, pension and other personnel costs	93,428	84,821
c) employee severance indemnities	93,428	84,821
Total personnel costs	1,688,382	1,559,482
10) amortization, depreciation and writedowns		
a), b), c) amortization of intangible assets, depreciation of property, plant and equipment and other writedowns	2,627	5,643
a) amortization of intangible assets	805	402
b) depreciation of property, plant and equipment	1,822	5,241
Total depreciation, amortization and writedowns	2,627	5,643
14) other operating expenses	26,313	41,248
Total production costs	2,542,846	2,379,335
Difference between production value and costs (A - B)	159,470	135,644
C) Financial income and expenses		
16) other financial income		
a) from receivables recorded in non-current assets		
from subsidiaries	78,589	12,782
Total financial income from subsidiaries recorded in non-current assets	78,589	12,782
d) income other than the above		
other	973	36
Total income other than the above	973	36
Total other financial income	79,562	12,818

17) interest and other financial expenses		
other	230,882	72,178
Total interest and other financial expenses	230,882	72,178
17-bis) exchange gains (losses)	76,259	(17,128)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(75,061)	(76,488)
Profit before income taxes (A - B + - C + - D)	84,409	59,156
20) Income taxes, current and deferred		
current income taxes	62,634	58,000
prior years' income taxes	7,290	0
deferred taxes	11,290	(4,110)
Total income taxes, current and deferred	81,214	53,890
21) Profit for the year	3,195	5,266

Notes to the statutory financial statements

Structure and content of the statutory financial statements

The statutory financial statements for the year ended December 31, 2017 are composed of the statement of financial position and income statement and the notes thereto. Such financial statements correspond to the results of the entries in the accounting records and are prepared in accordance with Art. 2423 and Art. 2423-bis of the Italian Civil Code, as well as the accounting principles and accounting recommendations issued by the Italian Accounting Board (OIC).

The statutory financial statements have been prepared under the going concern concept.

Its structure conforms to that outlined in the Italian Civil Code under Art. 2424 and Art. 2425, according to the premises described in Art. 2423-ter, while the Notes, which are an integral part of the statutory financial statements, agree with Art. 2427, 2427-bis, 2435-bis and all the other provisions that refer thereto.

These statutory financial statements, and all its parts, present a true and correct view of the financial condition, the results for the year and the cash flows of the company and, where necessary, provide additional supplementary information for such purpose.

In accordance with Art. 2423-ter of the Italian Civil Code, comparative figures are presented for each line item.

In meeting the requirements of Art. 2435-bis, paragraph.1 of the Italian Civil Code, the statutory financial statements for the current year have been prepared in a condensed format as allowed by the provisions of this article.

Line items not expressly indicated in the statement of financial position and in the income statements, as provided by Art. 2424 and Art. 2425 of the Italian Civil Code, are understood to have a zero balance and, as such, may be omitted if there is a zero balance in the current and prior year.

Furthermore, these Notes present the information required by Art. 2428, paragraphs 3 and 4) of the Italian Civil Code and therefore the Report on Operations has not be drafted, as allowed by Art. 2435-bis of the Italian Civil Code.

Related party transactions

Related party transactions are ordinary in nature and mainly consist of the performance of administrative, financial and organizational services. Such transactions are carried out at normal market terms and in the interests of the company, as well as for the purposes of taking advantage of synergies in the use of the Group's resources. The effects of related party transactions between Cosmint Group S.p.A. and group companies on the income statement for 2017 and the statement of financial position at December 31, 2017 are reported in the table below:

COMPANY	COUNTRY	RECEIVABLES	PAYABLES	REVENUES	COSTS
INTERCOS S.p.A.	ITALY	0.00	219,750.00	0.00	219,750.00
COSMINT S.p.A.	ITALY	2,716,747.85	1,687,668.70	2,468,132.06	13,719.56
SODISCO S.r.l.	ITALY	9,711,965.43	167,848.18	51,767.01	0.00
TATRA SPRING POLSKA Sp. z o.o.	POLAND	5,174,622.52	0.00	246,313.20	0.00
		17,603,335.80	2,075,266.88	2,766,212.27	233,469.56

Information on significant non-recurring events during the year

On August 3, 2017, Intercos S.p.A. completed the transaction for the acquisition of the entire share capital of Cosmint Group S.p.A., which, in turn, owns the entire share capital of Cosmint S.p.A., Sodisco S.r.l. and Tatra Spring Polska Sp. Zoo. (a Polish-registered company). The agreement was signed with "Futura Società Semplice", sole shareholder of Cosmint Group S.p.A., and with Messrs. Decio Masu, Alessandro Masu and Massimiliano Masu (who control Futura).

Intercos S.p.A. also asked and obtained, in July, approval from the financing banks to conclude the above described transaction. In addition, the German Antitrust Authority, on July 13, 2017, gave its approval to the acquisition, affirming that the company does not have the requisites that would impose a veto on proceeding with the transaction pursuant to Art. 36, paragraph 1 of the German Antitrust Law.

As part of the acquisition, Intercos S.p.A. decided to offer Cosmint Group the possibility of securing short-, medium- and long-term financing at the same terms applied to the Intercos Group, refinancing by October 31 Cosmint Group S.p.A.'s entire existing debt and that of its subsidiaries Cosmint S.p.A. and Sodisco S.r.l., except for the debt on finance lease contracts. The transaction was in fact concluded on September 29 with a new credit line granted to the Cosmint Group for €24,000,000 by the syndicate of financing banks, with a final due date of December 31, 2021.

Accounting principles

In compliance with the provisions of Art. 2423-bis of the Italian Civil Code, the following accounting principles have been applied:

- the statutory financial statements are prepared under the going concern assumption and in keeping with the concept of prudence, as well as taking into account the substance of the transaction or contract;
- only gains effectively realized during the year are recorded;
- income and expenses under the accrual principle referring to the year are recorded, irrespective of when collection or payment is made;
- risks and losses referring to the year are taken into account, regardless of whether they became known after the year-end;
- heterogeneous elements included in the various items of the financial statements have been measured separately.

The accounting principles established by Art. 2426 of the Italian Civil Code have been applied on a basis consistent with the prior year.

The statutory financial statements presented in the Notes are expressed in euros.

Summary of accounting principles

The accounting principles adopted in the preparation of the statutory financial statements are described below and conform to those set out in Art. 2426 of the Italian Civil Code.

Intangible assets

Intangible assets are stated at the cost of acquisition, including any directly attributable incidental costs.

Amortization rates are unchanged compared to the prior year.

The period of economic benefit for each class of asset is as follows:

- Leasehold improvements: 4 years

Intangible assets, whose value at the end of the year is permanently below the value determined above, are written down to the lower value. If, in future years, the reasons for the writedown no longer exist, the original value is written back.

Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition, including incidental costs and directly attributable expenses.

Depreciation rates are unchanged compared to the prior year. The period of useful life for each class of asset is as follows:

- Electronic office machines: 5 years

Property, plant and equipment, whose value at the end of the year is permanently below the value determined above, are written down to the lower value. If, in future years, the reasons for the writedown no longer exist, the original value is written back.

Financial assets

Financial assets composed of investments in subsidiaries and associated companies are measured at cost, including incidental costs and directly attributable expenses. The amount recognized in the financial statements is based upon the acquisition or subscription price or the value attributed to the assets contributed.

Cost as determined above is written down for any permanent reduction in value. If, in future years, the reasons for the writedown no longer exist, the original value of the investment is written back up to the acquisition cost amount.

The value thus determined is not higher than the value that would have been determined had the criteria set out in Art. 2426, point 4 of the Italian Civil Code been applied, that is, it is not higher than the corresponding share of equity shown in the most recent financial statements.

Receivables recorded under financial assets are recognized in the financial statements at estimated realizable value. The amortized cost criterion is not applied since there are no transaction costs and the interest rate applied is in line with market rates.

Inventories, securities and financial assets in current assets

There are no inventories, securities and financial assets in current assets.

Receivables

Receivables are recorded at estimated realizable value.

Receivables include invoices issued and those still to be issued for services rendered referring to the current year.

There are no receivables due beyond 12 months to be recognized at amortized cost, taking into account the time factor.

Cash and banks

Cash and banks include bank deposits and cash funds at the end of the year. Bank deposits are measured at estimated realizable value and cash on hand at nominal value.

Accruals, prepayments and deferrals

Accrued income and accrued liabilities are the contra entries to revenues and costs relating to at least two years which have not yet been collected or paid at the balance sheet date.

Prepaid expenses and deferred income represent respectively the portion of costs and revenues relating to at least two years that cannot be recorded in the income statement of the year in which payment or receipt occurs. They are recorded in the financial statements over the period to which they refer according to the accrual and matching principles.

At the end of each year the company verifies if the conditions still exist for the initial accrual, prepayment or deferral and, if necessary, the appropriate adjustments are made. This valuation takes into account not only the time factor but also any recoverability of the amount recorded in the financial statements.

Provisions for liabilities and expenses

Provisions for liabilities and expenses have been set aside to cover losses or liabilities of a determinate nature, considered certain or probable, which, at the balance sheet date are uncertain as to the amount or the date on which they will arise.

In the valuation of the provisions, the general criteria of prudence and matching are adopted and general provision accounts without economic justification are not set up.

Employee severance indemnities

Employee severance indemnities are due to employees in accordance with the law, existing labor contracts and supplementary company agreements. The provision account corresponds to the total individual indemnities accrued at the balance sheet date including revaluations, net of advances paid, on behalf of employees, corresponding to the amount to be paid to employees by the company.

Employee severance indemnities accrued remain with the company and contribute to the formation of the provision recorded in the financial statements, unless they are intended for specific pension funds.

Payables

Payables are expressed at their nominal amount and include, where applicable, interest accrued and payable at the balance sheet date.

Payables due beyond 12 months are recognized at amortized cost, taking into account the time factor.

Derivative financial instruments

There are no derivative financial instruments.

Translation of foreign currency balances and transactions

Receivables and payables originally expressed in foreign currency are translated to euros at the exchange rate at the transaction date. Realized exchange differences on payment of payables or collection of receivables are recorded in the income statement.

Receivables in foreign currency existing at the end of the year are adjusted to the euro exchange rate prevailing at year-end and the relative gains and losses on exchange are recorded in the income statement under C.17-bis “exchange gains (losses)” and, if necessary, an amount equal to the net gain arising from the sum of the amounts under consideration is accrued in a non-distributable equity reserve until it is realized.

The amount recorded under C.17-bis refers to €49 of realized gains and €76,210 of unrealized gains.

Recognition of revenues and costs

Revenues and income are recorded net of returns, discounts and allowances, as well as the taxes directly connected with the sale of products or the performance of services.

In particular:

- revenues from the performance of services are recognized on the basis of performance and in agreement with the relative contracts. Revenues relating to contract work in progress are recognized in proportion to the progress of the work;
- costs are recorded on the accrual basis;
- accruals to provisions for liabilities and expenses are recorded by nature, where possible, in the pertinent income statement account;
- financial income and expenses are recognized on the accrual basis.

Dividends

There are no dividends.

Income taxes

Income taxes are set aside on the accrual basis and are calculated according to existing law and based on estimated taxable income. In the statement of financial position the tax liability is recorded in "Taxes payable" and the receivable in "Taxes receivable".

The recognition of the tax effects on temporary differences between the accounting result in the financial statements and taxable income for tax purposes is explained below.

Deferred tax liabilities are calculated on the basis of taxable temporary differences by applying the tax rate which is expected to be in effect when the temporary differences reverse and generate increases in the taxable base.

In accordance with the principle of prudence, deferred tax assets are calculated on the deductible temporary differences by applying the tax rate which is expected to be in effect when the temporary differences reverse and generate decreases in the taxable base, supported by the reasonable certainty that there will be sufficient future taxable income to absorb these changes.

The amount of deferred tax assets is reviewed each year to ascertain whether there is the reasonable certainty of reporting sufficient future taxable income such as to recover the entire amount of deferred tax assets.

Deferred tax assets and liabilities are also subject to being recalculated under the assumption of a change in the tax rate that was originally used.

Changes in accounting principles

For comparative purposes only, when practical or not excessively onerous, the opening balance of equity of the previous year and the comparative figures for the previous year should be adjusted as if the new accounting principles had always been applied.

When it is impracticable to determine the cumulative effect of the change or the prior period effect is excessively onerous, the company applies the new accounting principle starting from the first date in which it is practicable. When such date coincides with the start of the current year, the new accounting principle is applied prospectively.

The effects of the adoption of the new principles on the statement of financial position and the income statement, where they exist, are presented and commented in the specific note on the related financial statement item.

Correction of errors

An error is recognized when an incorrect qualitative or quantitative representation is identified of a financial statement figure and/or information provided in the Notes and, at the same time, the information and the figures are available for the correct treatment. The correction of a significant error is made by adjusting the balance sheet item that at one time was affected by allocating the correction of the error to the opening balance of equity in the year in which the error is identified.

For comparison purposes only, when practical, the company corrects a significant error that occurred in the preceding year by restating the comparative amounts, whereas if an error occurred in years previous to that one it is corrected by recalculating the opening balances of the previous year. When it is not practical to determine the cumulative effect of a significant error for all previous years, the company recalculates the comparative amounts to correct the significant error starting from the first date in which this is practical.

Reclassification of the financial statements and ratios

For purposes of highlighting the most significant changes in the financial statements in an organic and structured manner, reclassifications of the financial position and income statement of the company are presented below.

Financial Position

Description	December 31, 2016	Changes	December 31, 2017
a) Current assets			
Bank deposits	700,957	447,170	1,148,127
Cash and valuables on hand	318	(112)	206
Stock and bonds, current			
Financial receivables (due within 12 months)			
Other current assets			
CASH AND SECURITIES IN CURRENT ASSETS	701,275	447,058	1,148,333
b) Current liabilities			
Bonds and convertible bonds (due within 12 months)			
Bank borrowings (due within 12 months)	2,280,599	(2,277,453)	3,146
Payables to other lenders (due within 12 months)			
Other current liabilities			
BANK BORROWINGS, CURRENT	2,280,599	(2,277,453)	3,146
CURRENT NET FINANCIAL POSITION	(1,579,324)	2,724,511	1,145,187
c) Medium-/long-term assets			
Financial receivables (due beyond 12 months)	2,282,576	12,241,986	14,524,562
Other non-trade receivables			
TOTAL MEDIUM-/LONG-TERM ASSETS	2,282,576	12,241,986	14,524,562
d) Medium-/long-term liabilities			
Bonds and convertible bonds (due beyond 12 months)			
Bank borrowings (due beyond 12 months)	8,766,691	15,037,836	23,804,527
Payables to other lenders (due beyond 12 months)	11,380,010	(11,380,010)	
Other medium-/long-term liabilities			
TOTAL MEDIUM-/LONG-TERM LIABILITIES	20,146,701	3,657,826	23,804,527
MEDIUM-/LONG-TERM NET FINANCIAL POSITION	(17,864,125)	8,584,160	(9,279,965)
NET FINANCIAL POSITION	(19,443,449)	11,308,671	(8,134,778)

Income Statement

Description	2016	% of revenues	2017	% of revenues
Revenues from ordinary operations	2,454,085		2,670,598	
Change in inventories of work in progress, semifinished and finished products and increase in fixed assets				
Purchases of and changes in raw materials, auxiliaries, consumables and goods for resale	26,159	1.07	21,261	0.80
Costs for services and leases and rents	746,803	30.43	804,263	30.12
VALUE ADDED	1,681,123	68.50	1,845,074	69.09
Revenues from non-core operations	60,894	2.48	31,718	1.19
Labor costs	1,559,482	63.55	1,688,382	63.22
Other operating expenses	41,248	1.68	26,313	0.99
GROSS OPERATING MARGIN	141,287	5.76	162,097	6.07
Amortization, depreciation, writedowns and other accruals	5,643	0.23	2,627	0.10
OPERATING PROFIT	135,644	5.53	159,470	5.97
Financial income (expenses) and valuation adjustments to financial assets and liabilities	(76,488)	(3.12)	(75,061)	(2.81)
PROFIT BEFORE INCOME TAXES	59,156	2.41	84,409	3.16
Income taxes	53,890	2.20	81,214	3.04
Profit for the year	5,266	0.21	3,195	0.12

Assets

Non-current assets

Movements in non-current assets

The composition of the balances and the changes during the year in non-current assets are presented in the table below.

	Intangible assets	Property, plant and equipment	Financial assets	Total non-current assets
At beginning of year				
Cost	3,219	198,519	21,739,493	21,941,231
Revaluations	0	0	0	0
Accumulated amortization / depreciation	402	191,790		192,192
Writedowns	0	0	0	0
January 1, 2017	2,817	6,728	21,739,493	21,749,038
Changes during year				
Increases for additions	0	6,001	12,241,986	12,247,987
Reclassifications	0	0	0	0
Decreases for sales and disposals	0	3,935	0	3,935
Revaluations	0	0	0	0
Amortization / depreciation charge	805	1,822		2,627
Writedowns	0	0	0	0
Other changes	0	0	0	0
Total changes	(805)	244	12,241,986	12,241,425
At end of year				
Cost	3,219	11,260	33,981,479	33,995,958
Revaluations	0	0	0	0
Accumulated amortization / depreciation	1,207	4,288		5,495
Writedowns	0	0	0	0
December 31, 2017	2,012	6,972	33,981,479	33,990,463

Current assets

Receivables recorded in current assets

Changes and due dates of receivables recorded in current assets

The composition of the balances, the changes during the year and the due dates of receivables in current assets are presented in the table below, in accordance with Art. 2427, points 4 and 6 of the Italian Civil Code.

	January 1, 2017	Changes during year	December 31, 2017	Due within 1 year	Due beyond 1 year	Of which, due beyond 5 years
Trade receivables from customers	0	0	0	0	0	0
Receivables from subsidiaries	2,361,624	(853,237)	1,508,387	1,508,387	0	0
Receivables from associated companies	0	0	0	0	0	0
Receivables from parent companies	0	0	0	0	0	0
Receivables from companies under control of parent companies	0	0	0	0	0	0
Taxes receivable	350,558	(13,957)	336,601	323,522	13,079	0
Deferred tax assets	4,110	2,891	7,001			
Other receivables	455,996	(2,588)	453,408	453,408	0	0
Total receivables recorded in current assets	3,172,288	(866,892)	2,305,396	2,285,317	13,079	0

Receivables from subsidiaries decreased mainly due to a reduction in the receivables from the subsidiary Cosmint S.p.A.

The most important amount in taxes receivables refers to the receivable from the tax authorities for the IRES refund request filed under Legislative Decree 201/2011 for €287,026.

Other receivables are almost entirely made up of the receivable from the insurance company for the directors' severance indemnity insurance policy in the amount of €453,291.27.

Breakdown of receivables recorded in current assets by geographical region

A breakdown of receivables in current assets by the geographical region of operations of the debtor is reported below in accordance with Art. 2427, point 6 of the Italian Civil Code.

Geographical region	Italy	Europe	Total
Trade receivables from customers	-	-	0
Receivables from subsidiaries	1,392,299	116,088	1,508,387
Receivables from associated companies	-	-	0
Receivables from parent companies	-	-	0
Receivables from companies under control of parent companies	-	-	0
Taxes receivable	336,601	-	336,601
Deferred tax assets	7,001	-	7,001
Other receivables	453,408	-	453,408
Total receivables	2,189,308	116,088	2,305,396

Cash and banks

The balance detailed below represents the amount and the changes in cash during the year, in accordance with Art. 2427, point 4 of the Italian Civil Code.

	January 1, 2017	Changes during year	December 31, 2017
Bank and postal deposits	700,957	447,170	1,148,127
Checks	0	0	0
Cash and valuables on hand	318	(112)	206
Total cash and banks	701,275	447,058	1,148,333

The increase in bank deposits is primarily attributable to the financing transaction previously mentioned in the Notes under non-recurring transactions.

Accrued income and prepaid expenses

The composition of the balance and the changes in accrued income and prepaid expenses are presented below in accordance with Art. 2427, point 7 of the Italian Civil Code:

	January 1, 2017	Changes during year	December 31, 2017
Accrued income	0	0	0
Prepaid expenses	48,106	(8,564)	39,542
Total accrued income and prepaid expenses	48,106	(8,564)	39,542

Capitalized finance expenses

In accordance with Art. 2427, point 8 of the Italian Civil Code, a statement is made to the effect that during the year there were no finance expenses capitalized to assets recorded in the statement of financial position.

Equity and Liabilities

Equity

Movements in equity

Equity at December 31, 2017 is €10,952,960 and shows the following changes during the year, in accordance with Art. 2427, point 4 of the Italian Civil Code.

	1/1/2017	Appropriation of prior year's profit		Other changes			Profit for the year	12/31/2017
		Dividends	Other appropriations	Increases	Decreases	Reclassifications		
Share capital	10,200	0	0	39,800	0	0		50,000
Share premium reserve	0	0	0	0	0	0		0
Revaluation reserves	0	0	0	0	0	0		0
Legal reserve	2,040	0	0	0	0	0		2,040
Statutory reserves	0	0	0	0	0	0		0
Other reserves								
Extraordinary reserve	0	0	0	0	0	0		0
Exemptions reserve Art. 2423 Italian Civil Code	0	0	0	0	0	0		0
Shares or quotas reserve of the parent	0	0	0	0	0	0		0
Equity investments revaluation reserve	0	0	0	0	0	0		0
Payment against share capital increase	0	0	0	0	0	0		0
Payment against future share capital increase	0	0	0	0	0	0		0
Payments against share capital	0	0	0	9,780,010	0	0		9,780,010
Payments to cover losses	0	0	0	0	0	0		0
Share capital reduction reserve	0	0	0	0	0	0		0
Merger reserve	0	0	0	0	0	0		0
Unrealized exchange gains reserve	0	0	0	0	0	0		0

Reserve for accrued dividends	0	0	0	0	0	0		0
Other sundry reserves	17,532	0	0	(1)	0	0		17,531
Total other reserves	17,532	0	0	9,780,009	0	0		9,797,541
Cash flow hedge reserve	0	0	0	0	0	0		0
Retained earnings	1,134,718	0	0	5,266	39,800	0		1,100,184
Profit for the year	5,266	0	5,266	0	0	0	3,195	3,195
Loss absorbed during year	0	0	0	0	0	0		0
Reserve for treasury shares	0	0	0	0	0	0		0
Total equity	1,169,756	0	5,266	9,825,075	39,800	0	3,195	10,952,960

Other sundry reserves

Description	Amount
Restricted reserve	17,531
Total	17,531

At December 31, 2017, share capital is entirely subscribed to and fully paid-in.

On August 3, 2017, Intercos S.p.A. purchased all the interests held in the capital of Cosmint Group S.r.l. On the same date, the new shareholder made a contribution to capital of €9,780,010.

Furthermore, by notary deed of September 15, 2017, the company was transformed from a limited liability company to a joint-stock company. Under the same deed, a bonus increase in share capital from €10,200 to €50,000 was approved through the partial utilization of retained earnings for an amount of €39,800.

The restricted reserve is equal to the amount of extraordinary income that contributed to the formation of the profit for the year ended December 31, 2013. The amount of the reserve of €17,531 relates to the residual receivable for IRES tax due to the company as established by Legislative Decree 201/2011, Art. 2, paragraph 1-quater arising from the refund request filed according to the relevant provisions with the Revenues Agency.

Availability and utilization of equity

In particular, details of the reserves that form equity, indicating their origin or nature, their possibility of utilization and the limits on distribution, as well as their utilization in prior years are presented below in accordance with Art. 2427, point 7-bis of the Italian Civil Code.

Column key: Origin/Nature: C = Capital reserve; U = Earnings reserve

	Amount	Origin / Nature	Possibility of utilization	Portion available	Summary of utilizations of last three years	
					to cover losses	for other reasons
Share capital	50,000	C		0	0	0
Share premium reserve	0			0	0	0
Revaluation reserves	0			0	0	0
Legal reserve	2,040	U	A, B	0	0	0
Statutory reserves	0			0	0	0
Other reserves						
Extraordinary reserve	0			0	0	0
Exemptions reserve Art. 2423 Italian Civil Code	0			0	0	0
Shares or quotas reserve of the parent	0			0	0	0
Equity investments revaluation reserve	0			0	0	0
Payment against share capital increase	0			0	0	0
Payment against future share capital increase	0			0	0	0
Payments against share capital	9,780,010	C	A,B,C	9,780,010	0	0
Payments to cover losses	0			0	0	0
Share capital reduction reserve	0			0	0	0
Merger reserve	0			0	0	0
Unrealized exchange gains reserve	0			0	0	0
Reserve for accrued dividends	0			0	0	0
Other sundry reserves	17,531	U		0	0	0
Total other reserves	9,797,541			9,780,010	0	0
Cash flow hedge reserve	0			0	0	0
Retained earnings	1,100,184	U	A, B, C	1,100,184	0	0
Reserve for treasury shares	0			0	0	0
Total	10,949,765			10,880,194	0	0
Portion not distributable				59,087		
Residual portion distributable				10,821,107		

Key: A: to increase share capital B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other

Provisions for liabilities and expenses

The composition of the balance and the changes in the individual items of provisions for liabilities and expenses are presented in the table below, in accordance with Art. 2427, point 4 of the Italian Civil Code.

	Employee pension and similar obligations	For income taxes, including deferred taxes	Derivative financial instruments	Other	Total provisions
January 1, 2017	455,141	0	0	0	455,141
Changes during year					
Accrual	55,500	14,181	0	0	69,681
Utilization	0	0	0	0	0
Other changes	(1,850)	0	0	0	(1,850)
Total changes	53,650	14,181	0	0	67,831
December 31, 2017	508,791	14,181	0	0	522,972

Employee severance indemnities

Employee severance indemnities represent the effective amount payable by the company at December 31, 2017 to employees in force at that date, net of advances paid.

Movements in employee severance indemnities, as required by Art. 2427, point 4 of the Italian Civil Code, are presented in the table below.

	Employee severance indemnities
January 1, 2017	448,515
Changes during year	
Accrual	93,428
Utilization	78,696
Other changes	0
Total changes	14,732
December 31, 2017	463,247

The changes during the year correspond to the amount accrued on behalf of employees in force during the year for severance indemnities based on existing laws and the national labor contract, net of payments made to employee pension funds.

Payables

Changes and due dates of payables

The composition of payables, changes in the individual items and the breakdown by due date are presented in the table below in accordance with Art. 2427, point 4 of the Italian Civil Code.

	January 1, 2017	Changes during year	December 31, 2017	Due within 1 year	Due beyond 1 year	Of which, due beyond 5 years
Bonds	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0
Shareholder loans payable	11,380,010	(11,380,010)	0	0	0	0
Bank borrowings	11,047,290	12,760,383	23,807,673	3,146	23,804,527	0
Payables to other lenders	0	0	0	0	0	0
Advances	0	0	0	0	0	0
Trade payables	24,711	32,638	57,349	57,349	0	0
Payables represented by debt securities	0	0	0	0	0	0
Payables to subsidiaries	281,056	4,073	285,129	285,129	0	0
Payables to associated companies	0	0	0	0	0	0
Payables to parent companies	0	219,750	219,750	219,750	0	0
Payables to companies under control of parent companies	0	0	0	0	0	0
Taxes payable	559,011	139,405	698,416	698,416	0	0
Social security and health insurance agencies payable	106,689	39,373	146,062	146,062	0	0
Other payables	187,128	143,048	330,176	330,176	0	0
Total payables	23,585,894	1,958,661	25,544,555	1,740,028	23,804,527	0

The balance of shareholder loans payable at the beginning of the year referring to the outgoing shareholders was extinguished following the acquisition by Intercos S.p.A.

Bank borrowings increased as a result of the financing transaction previously mentioned in the Notes relating to non-recurring transactions.

Payables to parent companies refers to the amount payable to Intercos S.p.A. in respect of the non-recurring financing transaction.

The change in taxes payable is mainly due to higher 2017 taxes referring to the subsidiary Cosmint S.p.A. as a result of the tax consolidation of the Group.

The change in other payables is attributable to an increase in the accruals for personnel costs.

As required by Art. 2427, point 6 of the Italian Civil Code, a statement is made to the effect that payables are not secured by the company's assets as collateral and the residual period is not in excess of five years.

Breakdown of payables by geographical region

A breakdown of payables according to the geographical region of operations of the creditor is reported below.

Geographic region	Italy	Total
Bonds	-	0
Convertible bonds	-	0
Shareholder loans payable	-	0
Bank borrowings	23,807,673	23,807,673
Payables to other lenders	-	0
Advances	-	0
Trade payables	57,349	57,349
Payables represented by debt securities	-	0
Payables to subsidiaries	285,129	285,129
Payables to associated companies	-	0
Payables to parent companies	219,750	219,750
Payables to companies under control of parent companies	-	0
Taxes payables	698,416	698,416
Social security and health insurance agencies payable	146,062	146,062
Other payables	330,176	330,176
Total payables	25,544,555	25,544,555

Accrued liabilities and deferred income

The composition of the balance and the changes in these items are presented below in accordance with Art. 2427, point 7 of the Italian Civil Code.

	January 1, 2017	Changes during year	December 31, 2017
Accrued liabilities	11,401	(11,401)	0
Deferred income	0	0	0
Total accrued liabilities and deferred income	11,401	(11,401)	0

Income Statement

Production value

The composition of production value and the changes in the individual items compared to the prior year are reported as follows:

Description	2016	2017	Changes	% Change
Revenues from sales and services	2,454,085	2,670,598	216,513	8.82
Change in inventories of work in progress, semifinished and finished products				
Change in contract work in progress				
Increase in fixed assets from in-house work				
Other revenues and income	60,894	31,718	(29,176)	(47.91)
Total	2,514,979	2,702,316	187,337	

Revenues from sales and services refer to the ordinary activities of Cosmint Group S.p.A. which are described in the note on related party transactions.

The change in revenues compared to the prior year is attributable to an increase in the activities carried out in relation to the higher sales of the Group.

Other revenues and income are lower than in the prior year mainly owing to a gain on the disposal of a non-current asset recorded in 2016.

Production costs

The composition and changes in “Production costs” are provided in the following table:

Description	2016	2017	Changes	% change
Purchases of raw materials, auxiliaries, consumables and goods for resale	26,159	21,261	(4,898)	(18.72)
Services	670,095	725,241	55,146	8.23
Lease and rent expenses	76,708	79,022	2,314	3.02
Personnel				
a) salaries and wages	1,173,819	1,288,453	114,634	9.77
b) social security expenses	300,842	306,501	5,659	1.88
c) employee severance indemnities	84,821	93,428	8,607	10.15
d) pension and similar obligations				
e) other costs				
Amortization, depreciation and writedowns:				
a) amortization of intangible assets	402	805	403	100.25
b) depreciation of property, plant and equipment	5,241	1,822	(3,419)	(65.24)
c) other writedowns of property, plant and equipment				
d) expense for writedown of receivables in current assets				
Change in inventories of raw materials, auxiliaries, consumables and goods for resale				
Accruals for risks				
Other accruals				
Other operating expenses	41,248	26,313	(14,935)	(36.21)
Rounding				
Total	2,379,335	2,542,846	163,511	

The increase in production costs is due to higher expenses for personnel and services, basically in respect of an increase in administrative, legal and insurance services.

Financial income and expenses

Breakdown of interest and other financial expenses by type of debt

In accordance with Art. 2427, point 12 of the Italian Civil Code, details relating to interest and other financial expenses relating to bonds, bank borrowings and other are provided in the table below.

	Interest and other financial expenses
Bonds	0
Bank borrowings	227,720
Other	3,162
Total	230,882

Interest expenses, mainly on bank borrowings, refer largely to the financing associated with the non-recurring transaction and interest on loans.

Details of the composition of "C.16.d) Income other than the above" are provided in the table below.

Description	Subsidiaries	Associated companies	Parent companies	Companies under control of parent companies	Other	Total
Bank and post office interest					436	436
Interest on loans						
Interest on trade receivables						
Other interest income						
Other income					537	537
Total					973	973

Interest income primarily relates to banks and interest accrued and paid by the tax authorities on the IRES receivable for which a refund request was filed.

Amount and nature of individual revenue and cost elements of exceptional size or effect

In accordance with Art. 2427, point 13 of the Italian Civil Code, a statement is made to the effect that no single revenue element exists of exceptional size or effect.

In accordance with Art. 2427, point 13 of the Italian Civil Code, a statement is made to the effect that no single cost element exists of exceptional size or effect.

Income taxes, current and deferred

Income taxes

The composition of "Income taxes, current and deferred" is provided in the following table:

Description	2016	Changes	% change	2017
Current income taxes	58,000	4,634	7.99	62,634
Prior years' income taxes		7,290		7,290
Deferred tax liabilities expense (credit)		14,181		14,181
Deferred tax assets (credit) expense	(4,110)	1,219	(29.66)	(2,891)
Income (expense) from participation in fiscal transparency scheme				
Income (expense) from participation in tax consolidation				
Total	53,890	27,324		81,214

Deferred taxation (Art. 2427, point 14 of the Italian Civil Code)

Deferred taxes are calculated by taking into account the amount of all temporary differences generated by the application of tax rules and applying the tax rate in effect when the differences arose.

Deferred tax assets are recognized when there is the reasonable certainty of the existence in future years of a taxable income not less than the amount of the differences that will reverse.

The following table contains a description of the temporary differences that led to the recognition of deferred tax liabilities and assets, with an indication of the relative amount, tax rate applied, tax effect, amounts credited or debited to the income statement and items excluded from the computation, with reference to the current and prior years. The table also shows deferred tax assets recorded in the financial statements in respect of losses for the year and prior years.

Item	2016			Changes		2017	
	IRES	IRES	IRAP	IRES	IRAP	IRES	IRAP
DEFERRED TAX ASSETS	Amount of temporary differences						
Compensation to directors not paid				29,167		29,167	
Exchange losses		17,123		(17,123)			
Total deductible temporary differences		17,123		12,044		29,167	
Tax losses							
IRES and IRAP tax rates	27.50	24.00	3.90			24.00	3.90
Deferred tax assets	4,110			2,890		7,000	
DEFERRED TAX LIABILITIES	Amount of temporary differences						
Exchange gains				59,087		59,087	
Total taxable temporary differences				59,087		59,087	
IRES and IRAP tax rates	27.50	24.00	3.90			24.00	3.90
Deferred tax liabilities				14,181		14,181	
Rounding						1	
Deferred tax benefit (expense) net IRES and IRAP	4,110			(11,290)		(7,180)	
Total deferred tax benefit (expense) net	4,110			(11,290)		(7,180)	
- recorded in income statement				(11,290)			
- recorded in equity							
Tax losses not considered in calculation of deferred tax assets							

Other Information

Employment data

In accordance with Art. 2427, point 15 of the Italian Civil Code, data relating to the composition and number of employees at December 31, 2017 is provided in the table below.

	Average number
Executives	5
Mid-level managers	2
White-collars	1
Blue-collars	0
Other employees	0
Total	8

Compensation, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf

The following table provides the compensation, advances and loans to directors and members of the board of statutory auditors, in addition to the commitments undertaken on their behalf for guarantees provided in 2017, as required by Art. 2427, point 16 of the Italian Civil Code.

	Directors	Statutory Auditors
Compensation	447,745	25,226
Advances	0	0
Loans	0	0
Commitments undertaken on their behalf for guarantees provided	0	0

Fees to the audit firm

Pursuant to Art. 2427, point 16-bis of the Italian Civil Code, details of the fees to which the audit firm is entitled for services rendered, divided by audit and other services, are provided in the table below.

	Amount
Audit of the annual financial statements	5,000
Other verification services performed	0
Tax consulting services	0
Other services besides audit	0
Total fees due the audit firm	5,000

Commitments, guarantees and contingent liabilities not recorded in the statement of financial position

In accordance with Art. 2427, point 9 of the Italian Civil Code, a table is presented below of the total amount of commitments, guarantees and contingent liabilities not recorded in the statement of financial position, with an indication of the type of guarantee provided, commitments in terms of pension funds and similar obligations, as well as commitments undertaken on behalf of subsidiaries, associated companies, parent companies and companies under control of parent companies.

	Amount
Commitments	86,249
in respect of pension funds and similar obligations	0
on behalf of subsidiaries	0
on behalf of associated companies	0
on behalf of parent companies	0
on behalf of companies under control of parent companies	0
Guarantees	0
collateralized	0
Contingent liabilities	0

Related party transactions

Pursuant to Art. 2427, point 22-bis of the Italian Civil Code, it should be pointed out that during the year there were no transactions with related parties outside of normal market terms.

Information on agreements not considered in the statement of financial position

Pursuant to Art. 2427, point 22-ter of the Italian Civil Code, it should be mentioned that there are no agreements that have been excluded from the statement of financial position which carry significant risks or benefits and are necessary for the valuation of the financial position, cash flows and results of the operations of the company.

Significant subsequent events

Pursuant to Art. 2427, point 22-quater of the Italian Civil Code, a statement is made to the effect that there are no significant events subsequent to the date of the financial statements that require mention.

Company that prepares the consolidated financial statements of the smallest group, of which Cosmint Group S.p.A. is a subsidiary

In accordance with to 2427, point 22-sexies of the Italian Civil Code, the required information is presented below for the company that prepares the consolidated financial statements of the smallest group, of which Cosmint Group S.p.A. is a subsidiary.

	Smallest group
Name of company	INTERCOS S.P.A.
City (if in Italy) or foreign country	MILAN
Tax Code (for Italian companies)	05813780961
Location of consolidated financial statements filing	MILAN

Information relating to derivative financial instruments under Art. 2427 of the Italian Civil Code

Pursuant to Art. 2427, paragraph 1, point 1 of the Italian Civil Code, a statement is made to the effect that the company does not use derivative financial instruments.

Financial statements of the company that exercises direction and coordination activities

The company is part of the Intercos Group which exercises direction and coordination activities through the group holding company Intercos S.p.A., registered in the Milan Companies Register at No. 05813780961 and Milan REA No. 1850176.

The most recent financial statements approved by the company that exercises direction and coordination activities are presented below, as required by Art. 2497-bis, paragraph 4 of the Italian Civil Code. The table included in the XBRL taxonomy has not been used since the company Intercos S.p.A. is an IAS adopter.

Statement of Financial Position at December 31, 2016 and 2015

		December 31,	
		2016	2015
(in euros)			
	ASSETS		
	NON-CURRENT ASSETS		
5	Property, plant and equipment	25,635,935	28,250,983
6	Intangible assets	20,204,610	17,681,404
7	Goodwill	33,653,547	33,653,547
8	Investments in subsidiaries	107,303,676	89,958,752
9	Deferred tax assets	1,360,684	2,872,176
10	Other non-current receivables	3,474,794	3,614,414
	Non-current assets	191,633,247	176,031,276
	CURRENT ASSETS		
11	Trade receivables	24,540,638	21,629,991
12	Taxes receivable	2,395,946	3,213,872
13	Other current assets	8,626,623	4,346,382
14	Loans receivable from group companies – short-term	48,933,711	46,361,137
15	Cash and cash equivalents	15,912,182	14,293,774
	Current assets	100,409,099	89,845,156
	TOTAL ASSETS	292,042,346	265,876,432
	EQUITY AND LIABILITIES	2016	2015
	EQUITY		
	Share capital	10,710,193	10,710,193
	Legal reserve	2,142,038	2,142,038
	Other reserves	62,395,860	62,395,860
	Retained earnings	23,863,282	7,451,554
16	TOTAL EQUITY	99,111,373	82,699,645
	LIABILITIES		
	NON-CURRENT LIABILITIES		
17	Borrowings from banks and other lenders – non-current	141,186,046	141,673,216

18	Provisions	133,392	65,843
19	Deferred tax liabilities	5,855,996	6,320,338
20	Employee benefit obligations	1,213,179	1,267,759
	Non-current liabilities	148,388,612	149,327,156
	CURRENT LIABILITIES		
21	Borrowings from banks and other lenders - current	16,099,925	18,126,522
22	Loans payable to group companies – short-term	9,188,261	3,640,569
	Other financial payables	601,204	797,731
23	Trade payables	5,606,542	5,666,759
24	Other payables	13,046,430	5,618,050
	Current liabilities	44,542,361	33,849,631
	TOTAL EQUITY AND LIABILITIES	292,042,346	265,876,432

Statement of Comprehensive Income for the years ended December 31, 2016 and 2015

	(in euros)	2016	2015
25	Revenues from sales and services	36,580,094	38,300,961
26	Other income	19,241,862	15,237,104
27	Purchases of raw materials, semifinished products and consumables	(1,107,188)	(1,209,995)
28	Costs for services and leases and rents	(13,570,440)	(12,732,929)
29	Employee benefit expenses	(16,929,453)	(15,678,589)
30	Accruals	(100,000)	0
31	Other operating expenses	(528,392)	(516,549)
32	Capitalized internal construction costs	4,990,268	4,607,793
	Operating profit before depreciation, amortization, impairment reversals (losses) and nonrecurring income (expenses)	28,576,751	28,007,796
33	Depreciation, amortization and impairment reversals (losses)	(7,679,448)	(7,288,117)
34	Valuation adjustments to financial assets	0	0
35	Nonrecurring income (expenses)	521,598	(624,863)
	Operating profit	21,418,901	20,094,816
36	Financial income	2,527,660	2,573,123
37	Financial expenses	(6,568,327)	(10,113,291)
38	Income taxes	(969,123)	(1,868,770)
	Profit for the year from continuing operations	16,409,112	10,685,878
	Profit for the year from discontinued operations	0	0
	Other comprehensive income		
	Other comprehensive income that will not be reclassified subsequently to the income statement		
	Profit for the year	16,409,112	10,685,878
39	Actuarial gains / losses	(2,615)	71,209
	Total Other comprehensive income	(2,615)	71,209

Treasury shares and shares of parent companies

In accordance with Art. 2428, points 3) and 4), paragraph 2 of the Italian Civil Code, a statement is made to the effect that the company does not hold treasury shares and shares of the parent company.

Motion for the appropriation of the profit for the year

Appropriation of the profit for the year

A motion is put forward to the shareholders' meeting convened for the approval of the financial statements to appropriate the profit for the year as follows:

Description	Amount
Profit for the year:	
- to the legal reserve	160
- to retained earnings	3,035
Total	3,195

Investments in unlimited liability companies

Pursuant to Art. 2361, paragraph 2 of the Italian Civil Code, the company states that it has not acquired investments in companies involving unlimited liability.

Statement of conformity of financial statements

On behalf of the Board of Directors

The Chairman

DECIO MASU

The undersigned, DECIO MASU, as Director, aware of criminal liability in the event of a false statement, attests to, pursuant to Art. 47 of D.P.R. 445/2000, the correspondence of the XBRL computer document containing the statement of financial position, the income statement and the attached notes to those conserved on record by the company.



Cosmint Group S.p.A.

Financial statements as at December 31, 2017

Independent auditor's report in pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholder of
Cosmint Group S.p.A

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cosmint Group S.p.A. (the Company), which comprise the balance sheet as at December 31, 2017, the income statement for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations 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 regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of Cosmint Group S.p.A. for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on May 8, 2017.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- we have evaluated 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 have communicated 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.

Milan, March 29, 2018

EY S.p.A.
Signed by: Paolo Zocchi, Partner

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