Danieli Finance Solutions S.A.
126, rue Cents
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R.C.S. Luxembourg: B 59.765

Financial statements and Director's report and
Independent auditor's report
as at 30 June 2018

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the financial statements of the Company.

The Directors' Report for the year ended 30 June 2018

Dear Shareholders,

The Board of Directors have the pleasure to submit its annual report for the financial year ended 30 June 2018.

General economic and financial outlook

The trend for the global economy for the year 2018 shows a growth rate of 3,9% with a slight increase versus 2017 and with a strong contribution by the emerging countries and developing economies (summarizing to 4,9%) but also with a positive performance for the mature economies (with a moderate 2,4%).

GDP projections for the 2019 will be consistent with the 2018 and the expected growth will be led by emerging countries, especially China and India.

The Euro maintained a moderate volatility during the exercise closed on 30 June 2018 while during the summer the USD posted a rally against the Euro supported by the nice cruise of US economy with no sign of stepping on the brakes just yet.

The trade-weighted dollar index DXY is back to the lower range after the strong performance of the dollar in the summer. US 10-year now is sitting over 3 % with the expectation of a swathe of dollar strength against most currencies. Positive inflation news from the Eurozone for a change for the European Central Bank as producers' index are improving constantly still supporting the euro course waiting for next announcement by ECB for a downsize of the adoption of conventional and unconventional monetary policy measures.

In September 2018 the FED decided to raise rates from 2% to 2,25% while removing the accommodative language from the statement. Chairman Powell reiterated the case for gradual rate hikes as an intermediate path that balances the twin risks of unnecessarily ending the recovery and overheating. General expectation is for 4 rates hikes in total in 2018 and 4 more in 2019 for a terminal rate of 3,25-3,5%.

The Futures markets now show a fairly good expectation about the likelihood of a further hike within the end of 2018 and US 10 year treasuries -while Federal Reserve raised US interest rates despite the Chinese trade war concerns- saw further increases in yields, which rose above 3,2%.

We expect equities in Europe to stay in a 'Fat & Flat' range. Moderate economic growth and low bond yields mean equities are attractive versus other assets but are unlikely to provide bull-market style returns in a short time vision. Brexit and the final outcome of the negotiations between UK and UE remain uncertain with no reached settlement yet to define the new regulatory system for banking in UE by UK financial institutes.

As far as Europe is concerned, during the financial year under review, the ECB reduced gradually the adoption of unconventional and conventional monetary policy measures aimed to pursue its price stability mandate and to support lending to the real economy. These measures, which comprised, among others, a low yield main refinancing rate, negative interest rates on deposit facility but not anymore long-terms refinancing operations and liquidity injections under the Securities Markets Programme, are slowly but gradually improving the course of euro interest rates in the year up to the very bottom side both on the short and the long end of the yield curve (being now Euribor again positive on 2Y forward).

Evolution of the business

During the financial year, the Board of Directors in cooperation with the parent company, decided to start an analysis having as purpose to assess, on the basis of the current and expected volumes and market situation (i.e. historical low trend of interest and excess of liquidity in the market), the opportunity to re-address part of the Company's business.

Following to this assessment, the Board of Directors decided to change the business strategy by focusing the Company's future business on the asset side of the balance sheet *(i.e. lending activity to customers and the investment of the liquidity deriving from its own funds)* rather than on the deposit taking activity, which at that time was represented only by deposits received from related parties.

Consequently, the Board of Directors decided to start a termination process of the deposit taking activity and in the same time to give-up the banking licence by applying for a most appropriate licence as specialized professional of the financial sector.

On 18 May 2018, the Company has been cancelled from the CSSF's official list of credit institutions and has changed its corporate object and its name into Danieli Finance Solutions S.A.

On 20 June 2018, the Company received from the Ministry of Finance of the Grand-Duchy of Luxembourg the authorization to exercise the activity as Professional of the Financial Sector (PFS) and more specifically as Professional performing lending operations according to article 28-4 of the Law of April 5, 1993 on financial sector, as amended ("LFS").

On 17 September 2018, the European Central Bank informed the Company about the formal authorisation under Article 79 of Regulation (EUR) N° 468/2014 of the lapse of banking activities in accordance with Article 11 (2) of the Law of 5 April 1993 on the financial sector, due to the transformation of the Company into a PFS.

Regulatory reporting

The regulatory reporting applicable to the Company as a credit institution has been submitted during the financial year according to the related regulatory requirements. The last quarterly regulatory reporting has been submitted until the reference period 31 March 2018. As from 30 June 2018, the Company started the submission of the new reporting applicable to the professionals performing lending operations in accordance to the applicable regulatory requirements to this category of PFS.

Financial results

During the financial year under review, the Company continued to manage its assets arising from its own funds in accordance with the Investment Policy and Risk Tolerance Statement (limits) adopted by the Board of Directors and the Authorized Management.

Following the decision to change the business strategy, the Company completed the closing process of all currents and deposits accounts with customers while continuing the loan granting activity.

The notable evolutions are as follows:

- as of 30 June 2018, the total amount of deposits from customers was nil (2017: EUR 98,29 million);
- the loan granting activity has been increased, in accordance with the Company's business plan.

  As of 30 June 2018, the loans granted to companies belonging to the Danieli Group reached a total amount of EUR 176,50 million (2017: EUR 60,76 million).

  The two loans for a total amount of EUR 35 million granted last year to one client being in relationship with the Danieli Group – a financial entity ultimately owned by the Italian State - have been repaid at maturity and a new credit facility of a total amount of EUR 35 million has been granted to the same customer in accordance with the market opportunities and commercial strategies of the Company's parent company. As of 30 June 2018 an amount of EUR 25 million out of the amount of EUR 35 million has been drawdown by this customer while the balance of an amount of EUR 10 million still available for drawdown as of 30 June 2018 has been recognized in the Company's off-balance sheet.

The financial year closes with a net loss of EUR 3,02 million (2017: profit of EUR 3,12 million).

The financial year 2017/2018 has been characterised by the following three main trends, which impacted the activity of the Company directly:

- historical-low interest rates and negatives interest rates,
- the negative variation in market prices and the volatility on the financial markets,
- the evolution of the EUR/USD exchange rate towards the end of the Company's financial year.

Although overall the Company continued to perform satisfactorily, its profitability was significantly impacted by these last three factors and in particular by the depreciation of the USD versus the Euro started during the last semester of 2017 and by the negative variation in market prices started closed to the year-end 2018. Finally, the 2017-2018 result was also impacted by the provision for Net Wealth Tax as of 01 January 2018 of an amount of EUR 2,32 million recognized in the Company's financial statements.

Regarding the external and operating expenses, as of 30 June 2018 this caption amounts to EUR 1,43 million versus an amount of EUR 1,83 million as of 30 June 2018 while the staff costs remained stable compared to the previous financial year.

During the financial year under review, no transactions have been made in respect to the Company's own funds and the Company did not acquire any of its own shares. The Company has no branches in Luxembourg and abroad.

Expected performance in 2018/19

The Company will continue the management of its own funds through the allocation and placement of its liquidity between a carefully selection of financial counterparts. The Company targets to maintain mainly investments in its structural portfolio, up to the maximum overall limit of EUR 500 million.

Loans and advances to customers belonging to the Danieli Group will presumably also grow in line with the development of the group business and activity.

Considering the current low-interest trend, the Company will continue to operate an accurate and carefully selection of new investments to be made in fixed-income securities in order to limit the reduction of the average yield performed during the year 2018. Moreover, should the opportunity arise, the Company can engage, in new financial derivatives linked to the EUR/USD exchange rate that can continue to contribute to its financial results of the next financial year.

Employees and Management

The composition of the Company's management and staff of the Company is detailed in Note 18 of the financial statements.

During the financial year ended as at 30 June 2018 and 2017, there was no deferred remuneration, vested or unvested, awarded or paid-out and reduced through performance adjustment. Remunerations are only paid in cash and there was no individual being remunerated EUR 1 million or more per financial year.

Risk Management Organization

Within the Company, the Authorized Management has the ultimate responsibility for the risk taking while the Board of Directors is responsible for setting, documenting and communicating to the Authorized Management its risk strategy for risk taking and risk management. Considering the size of the Company, the nature of its business the risk management framework of the Company will remain substantially unchanged during the next years despite the change of part of the Company's business. Nevertheless, the risk management internal organization is in process to be reorganized and implemented in the light of the new internal organization of the Company as a PFS. The Risk Management will be reorganized in a manner so as to involve, through the new Risk, Credit and Investment Compliance Committee, the members of the Authorized Management, one member of the Board and one member of the Treasury Department of the Parent Company.

The Risk, Credit and Investment Compliance Committee is responsible, among others, for anticipating, identifying, measuring, monitoring and reporting all the risks the Company is or may be exposed to. He also regularly monitors the compliance with limits (credit and market) considered by the Market and Finance Department to operate.

Risk Appetite and Tolerance

By taking into consideration the nature of the Company's business, which for a significant part, consist in managing assets arising from its own funds, the Board of Directors and the Authorized Management have adopted a conservative approach which, through the establishment of a clear Investment Policy and a Risk Tolerance Statement (limits) linked to this policy, is designated firstly to safeguard the activity of the Company and secondly to address the Company's investment strategy and to meet its business developments and objectives in terms of investments return.

Credit Risk

Credit risk is the risk of suffering losses as a result of customers and counterparties not being able to meet their obligations towards the Company as they become due and payable. The credit risk definition adopted by the Company includes country risk and counterparty risk.

The Company has a prudent approach in building its credit and structural securities portfolio. For the time being, credits provided to customers are composed of loans granted to companies belonging to the Danieli Group and of one loan granted to a financial entity being in relationship with the Danieli Group and being ultimately owned by the Italian State.

The loan granting and risk management policy is in process to be updated in order to align it with the business activity of the Company as a Professional performing lending operations. Moreover, the Company held amounts deposited with credit institutions or insurance counterparties. The Company's structural securities portfolio is composed of securities issued by issuers having at least an Investment Grade Rating assessed by a nominated ECAI.

The Risk, Credit and Investment Compliance Committee is responsible for doing a due diligent evaluation of the counterparties before initial approval by the Board of Directors.

Impaired and Past Due Assets and Provisions

Specific provisions are made against loans and advances when, in the opinion of the Board of Directors and the Authorized Management, recovery in full is doubtful. For this purpose, each overdue exceeding 30 days shall be reported to the members of the Risk, Credit and Investment Compliance Committee. As at 30 June 2018 and 2017, the Company had no impaired asset for which a specific or general provision has been raised. There was no past due asset. The Company has not incurred any material write-off of bad debts or made any recovery of amounts previously written off during the year to 30 June 2018 and 2017.

Settlement and Free Delivery Risk

Regarding Settlement Risk, the Company execute transactions related to securities or foreign currencies only for its own account so that an eventual price difference on unsettled transactions will result rather in an opportunity cost than in an out-of-pocket loss. In order to manage Free Delivery Risk, the Company imposes delivery versus payment process to make settlement on transactions. In addition, the Company monitors pending transactions by type of products. The exposure to Settlement Risk is therefore considered as being minimal. As at 30 June 2018 and 2017, there were no pending transactions.

Concentration Risk

Concentration risk is the risk of losses due to unbalanced positions towards counterparties or customers. Concentration risk can be linked to group activity concentration, but also to economic sector or localization. The Company controls its concentration risk through large exposures analysis which is performed on a regular basis.

Market Risk & Foreign exchange Risk

Market Risk other than Foreign Exchange Risk

The Company's objectives are to maintain a structural securities portfolio so that the Company does not plan to engage in proprietary trading activities and will therefore normally not directly be exposed to market risk other than to foreign exchange risk by reason of assets held in USD through its securities portfolio.

Foreign Exchange Risk is the risk incurred by the Company as a result of the variation of exchange rates

The Company is exposed to Foreign Exchange Risk by reason of assets held in USD and mainly related to its structural securities portfolio. The risks related to the Company's exposure in USD respect the limits determined by the Board of Directors in the Risk Tolerance Statement and in the approved Investment Policy. The Company monitors its exposure in USD on a daily basis.

Interest Rate Risk Arising from Non-trading Activities

The Interest Rate risk arising from non-trading activities (securities portfolio and deposits with other financial counterparties), under the form of impact on interest income or costs (current income impact) or under the form of impact on the fair value of assets and liabilities (patrimonial impact) is subject to limits which have been determined by the Board of Directors and which have been included in the Company's Risk Tolerance Statement..

Liquidity Risk

The Company's strategy for Liquidity Risk is to observe higher liquidity standards in order to be able to meet any unforeseen payment obligations. Considering the Company's Investment Policy, that foresees to maintain a consistent part of liquidity invested for a period below 6 months, the Authorized Management does not expect to have any material risk in terms of liquidity. In addition the Company generally uses to maintain adequate reserves of immediately available funds to face its current payment obligations.

Operational Risk

Operational risk in the Company is related, amongst others, to the following areas: mistake in processing of transactions, unplanned loss of personnel, embezzlement and physical destruction of assets (in particular of the EDP system) by a third party or by force majeure. Operational Risk, which includes Outsourcing Risk, has been identified as one of the material risk which the Company is exposed to. The Operational Risk includes Outsourcing Risk and, in particular for the Company, the risk related to the EDP system and IT infrastructure outsourced. The Company controls its operational risk through the internal controls processes implemented.

Legal & Compliance Risk

Legal & Compliance risk is the risk of adverse effects for a company which does not comply with currently prevailing standards. The Compliance Risk can cover a variety of risks such as reputational, legal, litigation and sanctions risks, including some aspects of operating risk as well as regulatory risk.

The Company aims to fully comply with the applicable laws, regulations, policies, procedures and internal Code of Conduct. Emerging regulations are monitored by the members of the Authorized Management and by the Risk, Credit and Investment Compliance Committee. Additional strategies and procedures required to comply with regulations are put in place where necessary. The members of the Authorized Management and the Risk, Credit and Investment Compliance Committee ensure that the Company complies with AML/CBT regulation and is responsible of the Company's compliance with the legal and regulatory framework. They are also in charge for the centralized monitoring of Customer's Complaints.

Reputation Risk

Due to the type of activity and business that the Company will perform during the following year, the Company considers that the risk of a reputation issue, which could directly have an impact on its results, is low. Reputation Risk is managed and monitored by the Authorized Management and the Risk, Credit and Investment Compliance Committee.

Allocation of results

In consideration of the financial results registered during the year under review, the Board of Directors propose to the Shareholders' the following allocation of the results of the financial year ended on 30 June 2018:

	EUR
Financial result as of 30 June 2018	**(3.021.203)**
Profit brought forward	4.584.149
Balance	**1.562.946**
Allocation to results brought forward	1.562.946
Balance	---

Significant subsequent events

There are no significant events subsequent to the year-end that might affect the results or disclosures presented in the financial statements for the year ended 30 June 2018.

Luxembourg, 12 October 2018

On behalf of the Board of Directors

Vania BARAVINI
Director

Norbert HOUET-DUTRUGE
Director

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Ernst & Young
Société anonyme

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Independent auditor's report

To the Board of Directors
Danieli Finance Solutions S.A.
126, Rue Cents
L - 1319 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Danieli Finance Solutions S.A. (the "Company"), which comprise the balance sheet as at June 30 2018, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2018 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" 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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 Board of Directors.

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- Conclude on the appropriateness of Board 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 report of the "réviseur d'entreprises agréé" 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 report of the "réviseur d'entreprises agréé". 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 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

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Bernard Lhoest

Luxembourg, 24 October 2018

Danieli Finance Solutions S.A.
Société Anonyme

Balance Sheet
As at 30 June 2018

ASSETS (EUR)	Note(s)	30/06/2018	30/06/2017
Current assets	3,4,5	**638.619.334**	**613.730.855**
- Amounts owed by affiliated undertakings	3	**176.500.000**	**60.756.110**
becoming due and payable within one year		16.500.000	57.756.110
becoming due and payable after more than one year		160.000.000	3.000.000
- Other debtors	4	**110.933.142**	**114.252.023**
becoming due and payable within one year		161.100	3.828.121
becoming due and payable after more than one year		110.772.042	110.423.902
- Investments	5	**351.186.192**	**438.722.722**
other investments		351.186.192	438.722.722
Cash at bank and in hand	6	**434.582.034**	**602.102.703**
Prepayments and accrued income	7	**1.498.106**	**1.973.328**
TOTAL ASSETS		**1.074.699.474**	**1.217.806.886**

The accompanying notes for an integral part of these financial statements.

Danieli Finance Solutions S.A.
Société Anonyme

Balance sheet (continued)
As at 30 June 2018

LIABILITIES (EUR)	Note(s)	30/06/2018	30/06/2017
Subscribed capital	8	400.000.000	400.000.000
Share premium account	9	637.800.000	637.800.000
Reserves	10	28.289.825	25.443.825
- Legal reserve		4.660.000	4.500.000
- Other not available reserves		23.629.825	20.943.825
Profit brought forward	11	4.584.149	44.311.503
Profit /(Loss) for the financial year	11	(3.021.203)	3.118.646
Provisions	12	6.552.901	4.240.498
- Provisions for taxation	12.1	6.509.188	4.189.602
- Other Provisions	12.2	43.713	50.896
Creditors	13	413.676	102.846.357
- Amounts owed to credit institutions			
becoming due and payable within one year		35	3.721.754
- Trade Creditors			
becoming due and payable within one year		311.741	577.759
- Amount owed to affiliated undertakings			
becoming due and payable within one year		---	98.455.456
- Other Creditors			
tax authorities		89.535	67.200
social security authorities		10.222	12.482
staff - other payable		2.143	11.706
Accruals and deferred incomes	14	80.126	46.057
TOTAL LIABILITIES		1.074.699.474	1.217.806.886

OFF-BALANCE SHEET ITEMS (EUR)	Note(s)	30/06/2018	30/06/2017
Commitments	22	10.000.000	8.565.545
TOTAL		10.000.000	8.565.545

The accompanying notes for an integral part of these financial statements.

Danieli Finance Solutions S.A.
Société Anonyme

Profit and loss account
As at 30 June 2018

PROFIT AND LOSS ACCOUNT (EUR)	Note(s)	30/06/2018	30/06/2017
Other operating income	**15**	**55.600**	**76.100**
Other external expenses	**16**	**(1.293.222)**	**(1.659.494)**
Staff costs	**18**	**(499.462)**	**(506.809)**
- Wages and salaries		(462.391)	(474.119)
- Social security costs		(37.071)	(32.690)
- of which : pensions		*(23.654)*	*(19.354)*
Other operating expenses	**19**	**(132.705)**	**(175.126)**
Net financial charges	**20**	**(4.392.293)**	**311.600**
- Value adjustment in respect to investments held as current assets		(3.810.676)	(1.975.738)
- (Loss)/Gain on disposal of transferable securities		(364.371)	(154.051)
- Other financial (charges)/Income		(217.246)	2.441.389
Interest receivable and similar income		**6.837.271**	**7.161.556**
- From affiliated undertakings		921.042	256.497
- Interest on fixed-income securities		4.201.989	4.370.532
- Other interests and similar income not included in other captions		1.714.240	2.534.527
Interest payable and similar expenses		**(1.200.132)**	**(690.466)**
- To affiliated undertakings		(373.086)	(409.053)
- Others interest and similar expenses		(827.046)	(281.413)
(Loss)/Profit on ordinary activities before tax		**(624.943)**	**4.517.361**
Tax on profit on ordinary activities	**12**	**(76.674)**	**(694.075)**
Profit or loss on ordinary activities after tax		**(701.617)**	**3.823.286**
Other taxes not shown under the preceding items	**21**	**(2.319.586)**	**(704.640)**
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(3.021.203)**	**3.118.646**

The accompanying notes for an integral part of these financial statements.

Note 1 – General

1.1. Corporate matters

Danieli Finance Solutions S.A. (the "Company") or ("DFS") was incorporated in Luxembourg on 18 June 1997 as "société anonyme" and under the name of Danflat International S.A.

Following an extraordinary shareholder's meeting ("EGM") held on 26 May 2009, the Company changed its name in Danfin International S.A.

The Company applied during 2013 for an authorization to carry out banking activities within the meaning of Article 2 (1) of the law of 5 April 1993 on the financial sector, as amended. On 23 December 2013, the EGM decided, among other, to change the corporate name of the Company into Danieli Banking Corporation S.A., and to completely restate the articles of association of the Company in order to adapt the structure of the Company to its future banking activity.

On 27 June 2016, the EGM decided to convert the 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights of a par value of EUR 100 each into 2.000.000 ordinary shares of a par value of EUR 100 each. Following the above conversion, as from 27 June 2016 to date, the subscripted capital of the Company amounts to EUR 400.000.000 and is represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

At the beginning of the year 2018, the Company decided to start the process of giving-up the banking licence and applied for an authorization to exercise the activity as Professional of the Financial Sector ("PFS") and more specifically as professional performing lending operations according to article 28-4 of the law of April 5, 1993 on the financial sector ("LFS") as amended.

As a result of the foregoing, the EGM held on 18 May 2018 decided to change the Company's corporate object and the Company's name into Danieli Finance Solutions S.A. ("DFS"). With effective date 18 May 2018 the Company has been cancelled from the CSSF's official list of credit institutions.

On 20 June 2018, the Company received from the Ministry of Finance of the Grand-Duchy of Luxembourg the authorization to exercise the activity as Professional of the Financial Sector (PFS) and more specifically as Professional performing lending operations according to article 28-4 of the Law of April 5, 1993 on financial sector, as amended ("LFS").

The registered office and the central administration of Danieli Finance Solutions S.A. are at 126, rue Cents L-1319 Luxembourg. The DFS' financial year starts on July 1 and ends on June 30 of each year.

The Company belongs to the Danieli Group. The parent company of Danieli Group is Danieli & C. Officine Meccaniche S.p.A. ("D&C" / "Parent Company") having its registered office in Italy, via Nazionale, 41, Buttrio, Province of Udine which controls the Company, through its Luxembourg subsidiary Danieli International S.A., a "société anonyme" having its registered office at 126, rue Cents, L-1319 Luxembourg.

Note 1 – General (continued)

D&C is listed on the Milan Stock Exchange. Founded in 1914, the Danieli Group is one of the main actors worldwide involved in the design, manufacture and sale of plants and equipment for the steel industry by offering a range of machinery that covers the entire production process, from the management of the primary process (iron ore) to the production of the finished product. The Danieli Group is also a primary actor in the production of special steels through its two operating factories in Italy and Croatia.

The Company's financial statements are included in the consolidated financial statements of D&C. The consolidated financial statements of D&C are prepared in conformity with the IAS ("International Accounting Standards) and IFRS ("International Financial Reporting Standards"), as adopted by the EU, rules. They are available at the registered office of D&C and of the Company.

The Company does not hold any participations and consequently does not need to prepare consolidated financial statements.

1.2. Nature of the Company's business

Danieli Finance Solutions S.A is authorized to carry out all activities as Professionals performing lending operations according to article 28-4 as defined by the law of 5 April 1993 on the financial sector (LFS), as amended and is consequently submitted to the supervision of the Luxembourg Supervisory Authority *the Commission de Surveillance du Secteur Financier* ("CSSF").

The Company's business consists of the granting credit facilities and/or loans on its own behalf mainly with the companies belonging to the "Danieli Group" as well as with public counterparts in accordance with article 28-4 of the LFS. The purpose of the Company's activity is also to invest in fixed instruments, cash placements with institutions. DFS carries out all the prior loan agreements granted to companies belonging to the "Danieli Group" and other entities.

Note 2 – Summary of significant accounting policies

2.1. Basis of presentation

These financial statements have been prepared in conformity with the legal and accounting principles generally accepted in the financial sector in the Grand Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the Luxembourg Supervisory Authority, the Commission de Surveillance du Secteur Financier.

Reclassification of comparative figures:

Following the abandon of the banking licence, the Company reclassified some amounts disclosed in its 2017 financial statements in order to ensure clear presentation and comparability with the figures presented for the year ended on 30 June 2018.

Note 2 – Summary of significant accounting policies (continued)

The books and records of the Company are kept in euro ("EUR"), which is the currency of the Company's capital, and the financial statements have been prepared using the following significant accounting policies.

2.2. Date of recording of transactions in the balance sheet

Assets and liabilities are recorded on the balance sheet on the transaction date rather than when the amounts concerned become cleared funds, i.e. the date of the effective transfer.

2.3. Foreign currencies

The Company has adopted a multicurrency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they were created. For the preparation of the financial statements, amounts in foreign currencies are translated into EUR with the following criteria:

- Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction;
- Assets and liabilities denominated in currencies other than EUR are translated into EUR at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the profit and loss account;
- The elements of the profit and loss account are translated into EUR on the basis of the exchange rates prevailing at date of the transaction.

The year-end exchange rates of the main currencies used by the Company as of 30 June 2018 and 2017 are as follows:

	30/06/2018	30/06/2017
1 EUR	1,1658 USD	1,1412 USD
1 EUR	10,453 SEK	9,6398 SEK

2.4. Current assets

a) <u>Amount owed by affiliated undertakings and other debtor</u>

During the financial year, the Company carried out its banking activities, granting loans and credit facilities to companies, which are stated at disbursement value less repayment made and any value adjustments required.

The policy of the Company is to set up specific value adjustments for doubtful and irrecoverable debts in accordance with the circumstances and for amounts determined by the Authorized Management of the Company and approved by the Board of Directors. Value adjustments, if any, are deducted from the asset items to which they relate. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

As of 30 June 2018, the loans and facilities were granted in EUR. Therefore, the Company is not subject to currency risk.

Note 2 – Summary of significant accounting policies (continued)

b) Other investments

The Company owns a structural portfolio which is held to establish a particular asset structure and as a secondary source of liquidity. Debt securities and other fixed-income securities included in the Company's structural portfolio are recorded in the balance sheet initially at their acquisition cost, including the expenses incidental thereto. At year-end, they are valuated at the lower of their acquisition cost or their market value. The value adjustment, corresponding to the negative difference between the market value and the acquisition cost, is not maintained if the reasons for which it was recorded no longer exist. The Company does not operate a securities portfolio for investment and trading purposes.

2.5. Accruals

Income and expenses received or incurred before the balance sheet date but attributable to a subsequent financial year are shown under the assets item "Prepayments and accrued Income" or the liabilities item "accruals and deferred income". The liabilities item "accruals and deferred income" also includes accrued interests on amounts due to customers whereas the assets item "prepayments and accrued income" also include accrued interests on loans, advances, debt securities and other fixed-income securities.

2.6. Taxes

The Company is subject to Corporate Income Tax, Municipal Business Tax and Net Wealth Tax in Luxembourg. Taxes are accounted for into the profit and loss account on an accruals basis and not in the year in which payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessments have been issued by the tax authorities.

Tax provisions are disclosed in the caption "Provisions for taxation" while tax advances are included in the caption "Other debtors".

2.7. Provisions

Provisions may be established. They are intended to cover losses which are certain or likely to be incurred based on past history and are clearly defined in nature, but are, at the balance sheet date, uncertain as to the amount or as to the date on which they will arise.

Note 3 – Amounts owed by affiliated undertakings

Amount owed by affiliated undertakings	**30/06/2018**		**30/06/2017**	
Geographic Breakdown	**EUR**	**%**	**EUR**	**%**
France	2.500.000	1,42%	2.500.000	4,11%
Italy	6.000.000	3,40%	57.256.110	94,24%
Luxembourg	157.000.000	88,95%	---	---
Other countries	11.000.000	6,23%	1.000.000	1,65%
Total	**176.500.000**	**100,00%**	**60.756.110**	**100,00%**

Note 3 – Amounts owed by affiliated undertakings (continued)

On 13 November 2017, the Company granted to a Group Company a credit facility of a principal amount of EUR 10.000.000, for a period of one year in order to partially finance the start of several production lines. The borrower manufactures and supplies steel blooms and seamless pipes to oil and gas, petrochemical, shipbuilding, mechanical, and construction sectors worldwide. It provides carbon steel seamless pipes, construction and boiler seamless pipes, line pipes, and casings and commercialize its products in the United States, the Middle East, North Africa, and Europe.

On 25 May 2018, the Company granted to a Luxemburgish Group Company having as purpose the holding and management of participating interest worldwide a loan of a principal amount of EUR 157.000.000 maturing on 29 May 2020 and repayable by the borrower in a two-year period through cash flows deriving from dividends usually received on an ongoing basis from affiliated undertakings.

Note 4 – Other debtors

As of 30 June 2018 and 2017, other debtors are composed as follow:

Other Debtors	**30/06/2018**	**30/06/2017**
Less than one year	**EUR**	**EUR**
Advances for Corporate Income Tax and Municipality Business Tax	6.711	6.711
Receivable from credit institution - Financial Derivative	---	3.745.679
Suppliers-credit note	---	61
Receivable from the Social Security Office	5.800	9.750
Short-term receivables from related parties customers	---	---
Vat receivable	131.304	56.460
Vat reverse charge	17.285	9.460
Total	**161.100**	**3.828.121**

Other Debtors	**30/06/2018**	**30/06/2017**
More than one year	**EUR**	**EUR**
Advances for Corporate Income Tax and Municipality Business Tax	14.223.200	4.363.200
Advances for Net Wealth Tax	21.425	21.425
Insurances	71.527.417	71.039.277
Loan granted	25.000.000	35.000.000
Total	**110.772.042**	**110.423.902**

On 26 October 2017, the Company granted a loan facility for a total amount of EUR 35.000.000 to a financial entity, outside the Danieli Group but being in relationship with the Group and being ultimately owned by the Italian State. The total amount drawdown at the end of the financial year 2018 amounts to EUR 25.000.000.

Note 4 – Other debtors (continued)

The remaining available balance for drawdown at the year-end amounting to EUR 10.000.000 has been recognized in the Company's off-balance sheet. The loan matures on 26 October 2019 and bears interest at the fixed interest rate of 0,40% per annum.
The caption "Insurances" for a total amount of EUR 71.527.417 (2017: EUR 71.039.277) is related to placements with insurances companies entered into by the Company during the previous financial years,

Note 5 – Other Investments

As of 30 June 2018 and 2017, other investments are composed of fixed-income securities held by the Company in its structural portfolio. Other investments may be broken down as follows according to their geographic origin and economic sector.

Other investments Fixed-income securities	**30/06/2018**		**30/06/2017**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
Austria*	---	---	5.938.500	1,35%
Australia*	5.980.980	1,70%	---	0,00%
Belgium	6.074.196	1,73%	6.098.696	1,39%
Canada	7.000.000	1,99%	22.006.000	5,02%
Denmark	6.005.740	1,71%	6.005.740	1,37%
Finland	---	0,00%	2.905.787	0,66%
France	78.537.715	22,36%	83.995.126	19,15%
Germany	46.538.521	13,25%	44.124.130	10,06%
Ireland	1.493.475	0,43%	1.493.475	0,34%
Italy	28.872.963	8,22%	52.960.246	12,07%
Japan	428.890	0,12%	438.135	0,10%
Luxembourg	19.665.193	5,60%	28.520.351	6,50%
Netherlands	28.429.255	8,10%	40.236.683	9,17%
New Zealand	5.496.847	1,57%	5.482.305	1,25%
Norway	2.996.850	0,85%	2.996.850	0,68%
South Korea	1.998.160	0,57%	1.998.160	0,46%
Spain	6.740.597	1,92%	6.789.039	1,55%
Switzerland	4.301.290	1,22%	18.303.440	4,17%
United Kingdom	40.271.815	11,47%	37.485.191	8,54%
United States	60.353.705	17,19%	70.944.868	16,17%
Total	**351.186.192**	**100,00%**	**438.722.722**	**100,00%**

* The figures regarding the geographic breakdown of 2017 and related to Austria have been reclassified to Australia as pertaining to this last country.

Note 5 – Other Investments (continued)

Other investments **Fixed income securities**	**30/06/2018**		**30/06/2017**	
Economic sector breakdown	**EUR**	**%**	**EUR**	**%**
Automotive	3.492.755	0,99%	3.492.755	0,80%
Credit Institutions	268.287.317	76,39%	349.158.274	79,58%
Financial Services	41.303.322	11,76%	47.996.024	10,94%
Food and Beverages	2.000.000	0,57%	2.000.000	0,46%
Medical - Pharmaceutical	17.850.374	5,08%	17.849.976	4,07%
Oils - Energy	7.262.956	2,07%	7.268.286	1,66%
Telecommunications	6.503.436	1,85%	6.471.375	1,47%
Transportation	4.486.032	1,28%	4.486.032	1,02%
Total	**351.186.192**	**100,00%**	**438.722.722**	**100,00%**

At the end of the financial year, accrued interest on the above mentioned investments amounted to EUR 1.050.438 (2017: EUR 1.031.622) and are presented in the caption "Prepayments and accrued income".

The movements in the structural portfolio are as follows:

Movements in the structural portfolio	**30/06/2018**	**30/06/2017**
Cost	**EUR**	**EUR**
Gross value at the beginning of the year	439.724.570	387.219.309
Reversal previous year foreign exchange impact	(6.883.375)	(18.002.559)
Additions	14.770.375	200.049.669
Decreases	(99.375.753)	(136.425.224)
Foreign exchange impact	5.199.740	6.883.375
Gross value at the end of the financial year	**353.435.557**	**439.724.570**
Value adjustments	**EUR**	**EUR**
Cumulative value adjustments at the end of the financial year	(2.249.365)	(1.001.848)
Total value adjustments	**(2.249.365)**	**(1.001.848)**
Net book value at the end of the financial year	**351.186.192**	**438.722.722**

The value adjustments of the year ended 30 June 2018 include the reversal of the value adjustments accounted in the financial year ended as of 30 June 2017.

Note 6 – Cash at bank and in hand

As of 30 June 2018, the cash on current and deposit accounts with credit institutions amounts to EUR 434.582.034 (2017: EUR 602.102.703).

Note 7 – Prepayments and accrued income

As of 30 June 2018 and 2017, the caption "prepayments and accrued income" includes the following items:

Prepayments and accrued income	30/06/2018	30/06/2017
	EUR	EUR
Accrued interests on loans and advances to credit institutions	380.503	859.075
Accrued interests on loans and advances to customers	55.444	8.779
Accrued interests on debt securities and other fixed-income securities	1.050.438	1.031.622
Prepaid Expenses	11.721	73.852
Total	**1.498.106**	**1.973.328**

Note 8 – Subscribed capital

At its incorporation on 18 June 1997, the corporate capital amounted to EUR 50.000 and represented by 500 registered shares with nominal value of EUR 100.

As at 29 June 2001, the extraordinary shareholders' meeting ("EGM") has decided to increase the share capital from EUR 50.000 to EUR 3.000.000 through the issuance of 29.500 new shares of a par value of EUR 100 each.

As at 23 December 2013, the EGM has decided to increase the share capital from EUR 3.000.000 to EUR 400.000.000, through the issuance of 1.970.000 ordinary shares of a par value of EUR 100 each, having the same rights and advantages as the existing ordinary shares and fully subscribed and paid-in and of 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights of a par value of EUR 100 each, fully subscribed and paid-in. Following to this capital increase, the subscripted capital of the Company amounted to EUR 400.000.000 and was represented by 2.000.000 ordinary shares and by 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights, having a par value of EUR 100 each.

As at 27 June 2016, the EGM has decided to convert the 2.000.000 MRPS into 2.000.000 ordinary shares of a par value of EUR 100 each. Following this conversion, the subscripted capital of DFS amounted to EUR 400.000.000 and was represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

As at 30 June 2018, the subscripted capital of the Company remains unchanged and amounts to EUR 400.000.000 represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

Note 9 – Share premium account

Before 27 June 2016, the share premium account of the Company was represented by an amount of EUR 15.000.000 which was attached to the 2.000.000 ordinary shares issued by the Company and by an amount of EUR 557.800.000 which was attached to the MRPS shares issued by the Company on 23 December 2013. The EGM held on 27 June 2016 has also decided to convert the share premium attached to the MRPS of an amount of EUR 557.800.000 into a share premium attached to the new ordinary shares issued following the above mentioned conversion of MRPS (see note 8). Following this conversion, the total share premium account amounted to EUR 572.800.000.

The EGM held on 28 June 2017 has approved a contribution into the share premium account of the Company of an amount of EUR 65 million made by the sole shareholder of the Company.

As at 30 June 2018, the share premium account remains unchanged and amounts to EUR 637.800.000.

Note 10 – Reserves

Legal reserve

Under Luxembourg law an amount equal to at least 5% of the annual net profit must be allocated to a legal reserve until this legal reserve equals 10% of the issued share capital. This reserve is not available for distribution.

As at 30 June 2018 the legal reserve amounts to EUR 4.660.000 (2017: EUR 4.500.000). The Annual shareholder's meeting held on 25 October 2017 for the approval of the financial statements of the Company as at 30 June 2017 has decided to allocate from the Net Profit of the financial year an amount of EUR 160.000 to the legal reserve.

Special Reserve for Net Wealth Tax credit

Luxembourgish companies are subject to the Net Wealth Tax, which is calculated on the net asset value after adjustments, exceptions and exclusion provided by the net wealth tax law and which considers a rate of 0,5%. The law grants also the possibility to reduce the amount to pay in case some conditions are met: a ceiling, which is the Corporate Income Tax due, and the creation of a special reserve which has to be kept for 5 years. The allocations to this special reserve were as follows:

- by the shareholders' meeting held extraordinarily on 27 May 2016 - EUR 9.943.825 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2016;
- by, the Annual shareholders' meeting held on 26 October 2016 - EUR 11.000.000 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2017,
- by, the Annual shareholders' meeting held on 25 October 2017 - EUR 2.686.000 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2018.

Note 11 – Shareholders' equity

The movements in shareholders' equity may be summarized as follows:

Shareholders' Equity (EUR)	**Subscribed capital**	**Share premium account**	**Legal reserve**	**Special reserve for NWT credit**	**Profit (Loss) brought forward**	**Profit/(Loss) for the financial year**	**Total**
Balance as at 1 July 2017	**400.000.000**	**637.800.000**	**4.500.000**	**20.943.825**	**44.311.503**	**3.118.646**	**1.110.673.974**
Contribution of shareholder in share premium account	---	---	---	---	---	---	---
Allocation of the profit of the previous year	---	---	160.000	---	2.958.646	(3.118.646)	---
Allocation to a special reserve for NWT	---	---	---	2.686.000	(2.686.000)	---	---
Distribution of dividends	---	---	---	---	(40 000 000)	---	(40.000.000)
Loss for the financial year	---	---	---	---	---	(3.021.203)	(3.021.203)
Balance as at 30 June 2018	**400.000.000**	**637.800.000**	**4.660.000**	**23.629.825**	**4.584.149**	**(3.021.203)**	**1.067.652.771**

The Annual Shareholders' meeting held on 25 October 2017 approved the allocation of the 2017 profit and especially the distribution of a dividend paid on 16 November 2017 for a total amount of EUR 40.000.000.

Note 12 – Provisions

12.1. Provisions for taxation

Tax provisions are recorded under the caption "Provisions for taxation" in the balance sheet. The Company is subject to Corporate Income Tax (CIT), Municipal Business Tax (MBT) and Net Wealth Tax (NWT) in Luxembourg.

12.2. Other provisions

As of 30 June 2018, other provisions are mainly composed of the estimated liability for not taken vacation owed to employees and amounts to EUR 43.713 (2017: EUR 50.896).

Note 13 – Creditors

As at 30 June 2018 and 2017, creditors comprise:

Creditors	30/06/2018	30/06/2017
	EUR	EUR
Overdraft on current account	35	33
Payable to credit institutions - Financial derivatives	---	3.721.721
Amount due to affiliated undertaking	---	98.455.456
Directors Fees payable	---	54.500
Payable to the Social Security Office	10.222	12.482
Staff - other payables	2.143	11.706
Suppliers	311.741	523.259
Vat due on supplied services	69.719	47.384
Vat due on sales	19.816	19.816
Total	**413.676**	**102.846.357**

The Company settled the accrued notional amount of EUR 3.721.721 payable as of 30 June 2017 on the financial derivatives according to the terms and conditions of the underlying agreements entered into by the Company.

As at 30 June 2018, amounts due to affiliated undertakings are nil (2017: EUR 98.455.456) following the closing of all customers current and deposits accounts in the frame of the Company's change of activity. As at 30 June 2018, the caption "Suppliers" includes professional and consultancy fees mainly related to the Company's activity until 18 May 2018 as a credit institution.

Note 14 – Accruals and deferred income

As at 30 June 2018, the caption "accruals and deferred income" of a amount of EUR 80.126 (2017: EUR 46.057) is composed only by accrued interests payable to credit institutions due to negative rates applicable on cash accounts held by the Company.

Note 15 – Other operating Income

The other operating income for the year ended 30 June 2018 mainly includes services fees invoiced by the Company under its status as a credit institution in relation to accounting and administrative work performed in favour of Luxembourg related parties.

Note 16 – Other external expenses

As of 30 June 2018, the caption "Other external expenses" amounts to EUR 1.293.222 (2017: EUR 1.659.494) and includes the fees of the independent auditors under the caption "Audit fees".

Other external charges	**30/06/2018**	**30/06/2017**
	EUR	**EUR**
Rents and services charges	37.450	37.450
Maintenance and repairs	54.162	45.153
Commission and brokerage fees	119.997	56.842
Bank Charges	30.580	31.329
Audit fees	70.550	59.000
Legal Fees	16.264	56.604
Other Insurances	1.330	1.330
Other professional services	233.370	606.451
IT services	336.430	462.944
Travel expenses	15.074	17.044
Contribution to professional organisations	342.751	196.349
Postal charges and telecommunication costs	9.865	9.827
Miscellaneous external charges	25.399	79.171
Total	**1.293.222**	**1.659.494**

Note 17 – Contributions for the deposit guarantee and investors indemnification schemes

On 18 December 2015 a new law was approved regarding the resolution, recovery and liquidation measures of credit institutions on deposit guarantee schemes and indemnification of investors (hereafter the "Law"). This Law transposed to Luxembourg two European directives: the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes.

The law replaced the old deposit guarantee and investor compensation scheme ("Association pour la Garantie des Dépôts Luxembourg" - AGDL) by introducing a new contribution based system of deposit guarantee and investor compensation. This new system will cover eligible deposits of each depositor up to an amount of EUR 100.000 and investments up to an amount of EUR 20.000. The scheme is based on two different contribution: the Luxembourg banking resolution fund "Fonds de resolution Luxembourg" ("FRL") and the Luxembourg deposit guarantee fund "Fonds de garantie des dépôts Luxembourg" ("FDGL").

As at 30 June 2018, the Company paid under its licence as credit institution the contribution to the FRL which amounted to EUR 65.072 (2017: EUR 107.658) and the contribution to the FGDL amounted to EUR 3.551.Following the change of the Company's status from credit institution into professional performing lending operations the above mentioned regulation is no more applicable to the Company.

Note 18 – Staff costs and Management

18.1. Staff Costs

The average number of employees and management during the financial years 2018 and 2017 was:

Staff costs	**30/06/2018**	**30/06/2017**
Authorized Managers (with employment agreement)*	1	1
Employees (with employment agreement)	3	4
Authorized Managers (with appointment agreement)	1	1
Total	**5**	**6**

**On November 2017, one member of the Authorized Management resigned.*

On 29 June 2018, the Board of Directors approved a new organizational chart of the Company as presented to the CSSF for its new activities as PFS under article 28-4 of the law of April 5, 1993 on financial sector and a new member of the Authorized Management has appointed by the Company with an employment agreement starting on 01 July 2018 in replacement of the member of the authorized management with an appointment agreement who remain in function on an interim basis.

18.2. Information related to Management

- Members of the Board of Directors received director's fees totalizing EUR 81.250 (2017: EUR 90.625) – (see also note 19).
- Loans and advances granted to members of the Board of Directors and to the Authorized Managers are nil.
- No guarantees were issued on behalf of members of the Board of Directors and Authorized Managers.

Note 19 – Other operating expenses

Other operating expenses during the financial years 2018 and 2017 are represented as follows:

Other operating expenses	**30/06/2018**	**30/06/2017**
	EUR	**EUR**
Directors fees	81 250	90.625
Non - deductible VAT	51 406	84.093
Other duties and taxes	49	408
Total	**132.705**	**175.126**

In order to ensure the comparison with the financial statements as at 30 June 2018, the caption at the end of June 2017 of an amount of EUR 408 has been reclassified from the caption "Other taxes not shown under the preceding items" (see note 21) to the above mentioned caption "Other operating expenses".

Note 20 – Net financial charges

As at 30 June 2018, the net financial charges amounts to EUR 4.392.293 (2017: income of EUR 311.602).

The net financial charges of the financial year ended as of 30 June 2018 are mainly due to:

- the net charges of an amount of EUR 3.810.676 (2017: EUR 1.975.738) representing the value adjustments of the financial year in relation to the Company's current assets (i.e. negative impact deriving from market prices on securities and net unrealized foreign exchange loss deriving from the depreciation of the USD versus the Euro at the year-end.
- The net charges of an amount of EUR 364.371 (2017: EUR 154.051) deriving from the sale of securities.
- The net charges of an amount of EUR 217.246 (2017: income of EUR 2.441.389) resulting for the financial derivatives having matured during the financial year under review.

The existing financial derivatives (OTC derivatives transactions) at the end of June 2017 matured in August 2017 and October 2017.

Note 21 – Other taxes not shown under the preceding items

This caption of an amount of EUR 2.319.586 (2017: EUR 704.640) is represented by the Net Wealth Tax due by the Company as at 01 January 2018.

In order to ensure the comparison with the financial statements as at 30 June 2018, the amount of EUR 408 included at the end of the financial year 2017 in the caption "Other taxes not shown under the preceding items" has been reclassified in the to the caption "Other operating expenses" (see note 19).

Note 22 – Commitments

On 26 October 2017, the Company granted to an Italian financial entity a credit facility for a total amount of EUR 35.000.000 with due date on 26 October 2019. At the end of June 2018, the amount drawdown by the Borrower under the above mentioned credit facility was EUR 25.000.000. The remaining available balance for drawdown as of 30 June 2018 of an amount of EUR 10.000.000 has been recognized by the Company in the off-balance sheet in the item "Commitment".

Note 23 – Significant subsequent events

There are no significant events subsequent to the year-end that might affect the results or disclosures presented in the financial statements as at and for the year ended 30 June 2018.