

**REPORT OF THE INDEPENDENT AUDITORS  
IN ACCORDANCE WITH ARTICLES 14 AND 19-BIS  
OF LEGISLATIVE DECREE N.39 OF 27 JANUARY 2010**

To the Shareholders of  
SFA S.p.A.

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**REPORT ON THE ACCOUNTING AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR**

**Opinion**

We have audited the financial statement for the fiscal year in review of the SFA S.p.A. (The Company), consisting in the equity and financial situation as at 31 December 2018, the income statement, the overall income statement, the schedule of variations to shareholders' equity, the statement of cash flows for the fiscal year ending on the aforementioned date and by the explanatory notes to the financial statements, which also include a summary of the most significant accounting principles applied.

In our opinion, the financial statements provide a truthful and accurate representation of the shareholders' equity and of the financial standing of the Company as at 31 December 2018, as well as of the economic result and cash flows for the fiscal year closed on the same date, in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement article 43 of Legislative Decree n. 136/2015.

**Basis for opinion**

We conducted the accounting audit in compliance with International auditing principles (ISA Italia). Our responsibilities pursuant to such principles are further described in the section entitled *Responsibility of the Independent Auditors for the accounting audit of the financial statements* included in this report. We are independent with respect to the Company, in compliance with current regulations and in accordance with ethical and independence principles applicable under Italian law to accounting audits of financial statements. It is our belief that we have acquired sufficient and adequate evidence on which to base our opinion.

### **Responsibility of the Directors and the Board of Statutory auditors for the financial statements**

The directors are responsible for preparing the financial statements so that they provide a true and correct representation, in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement article 43 of Legislative Decree n. 136/2015 and, within the terms provided for by law, for internal controls they consider necessary to allow preparing financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

The directors are responsible for evaluating the Company's capacity to continue to operate as a functioning entity and, in preparing the financial statements for the fiscal year, for appropriate application of the principle of going concern, as well as for providing adequate information relative thereto. The directors will prepare the financial statements based on the principle of going concern unless they have found that conditions exist that require winding up the Company or interrupting the business activities or that there are no realistic alternatives to the above decisions.

The Board of Statutory auditors is responsible for the overseeing, in terms prescribed by law, the company's financial reporting process.

### **Responsibility of the Independent Auditors for the accounting audit of the financial statements**

Our aim is to acquire reasonable certainty that the financial statements for the fiscal year in review are, on the whole, free of significant errors due to fraud or to unintentional conduct or events and issue an audit report that includes our opinion. Reasonable certainty means a high degree of certainty which, however, does not entail the guaranty that an accounting audit carried out in compliance with international accounting principles (ISA Italia) will always identify a significant error, where present. Errors may derive from fraud or from unintentional conduct or events and are considered significant if it may be reasonably expected that the errors in question, singly or as a whole, may influence the economic decisions of the users, made on the basis of the financial statements.

Within the scope of the accounting audit conducted in compliance with International accounting principles (ISA Italia), we exercised our professional judgment and maintained professional scepticism for the entire duration of the accounting audit. Moreover:

- We have identified and evaluated the risks of significant errors in the financial statements due to fraud or unintentional conduct or events; we have defined and implemented auditing procedures in response to such risks; we have acquired sufficient and appropriate evidence on which to base our opinion. The risk of failing to identify a significant error due to fraud is higher than the risk of failing to identify a significant error deriving from unintentional conduct or events, as fraud may implicate the existence of collusions, falsifications, intentional omissions, misrepresentations or forcing of internal controls;
- We have acquired a significant understanding of the internal controls on accounting in order to defined auditing procedures that are appropriate for the circumstances and not in order to express a judgment as regards the efficiency of the Company's internal control system;
- We have evaluated the adequacy of the accounting standards adopted and of the reasonableness of the estimates made by the directors, including the relative information documents;
- We have come to a conclusion regarding the appropriateness of use of the principle of ongoing concern by the directors and, based on the evidence acquired, on the possible existence of significant uncertainty regarding events or circumstances that may give rise to significant doubt as to the capacity of the Company to continue to operate as a functioning entity. Where faced with a significant uncertainty, in the report on the accounting audit we are required to draw attention to the relative information in the financial statements, that is, if the information in question is not adequate, to reflect this circumstance in the formulation of our opinion. Our conclusions are based on the evidence acquired as at the date of this report. Nevertheless, subsequent events or circumstances may cause the Company to cease operating as a functioning entity;
- We have evaluated the presentation, structure and contents of the financial statements as a whole, including the information documents, and whether or not the financial statements represent the transactions and underlying events in a correct manner.

We informed the persons in charge of governance activities, identified at an appropriate corporate level as required by ISA Italia standards, among other aspects, of the breadth and timing planned for the accounting audit and of the significant results that have emerged, including any significant shortcomings in internal controls that may have come to light during the accounting audit.

## **REPORT ON OTHER LAWS AND REGULATIONS**

### **Report on the statement of compliance with the Principles of Good Corporate Governance**

The Prospects Rules issued by the Malta Stock Exchange require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Prospects Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Prospects Rules issued by the Malta Stock Exchange.

### **Opinion pursuant to article 14, sub-section 2, letter e) of Legislative Decree n. 39/10**

The directors of SFA S.p.A. are responsible for preparing the report on operations of SFA S.p.A. at 31 December 2018, including its consistency with respect to the respective financial statements and its conformity to applicable law.

We conducted the procedures specified in auditing standard (SA Italia) n. 720B for the purpose of expressing an opinion as regards the consistency of the report on operations with respect to the financial statements of SFA S.p.A. at 31 December 2018 and of the conformity to applicable law, and to issue a declaration regarding any significant errors.

In our opinion, the report on operations is consistent with respect to the financial statements of SFA S.p.A. at 31 December 2018 and has been written in conformity to applicable laws.

With reference to the declaration provided for by article 14, sub-section 2, letter e) of Legislative Decree n. 39/10, issued based on the knowledge and comprehension of the business and of the respective context as acquired during the auditing activity, we have nothing to report.

Florence, 27 March 2019

Baker Tilly Revisa S.p.A.  
Lucia Caciagli  
Executive Partner

