

**Report of the Board of Directors
to the Ordinary Shareholders' Meeting**

**DIRECTORS' REPORT ON OPERATIONS, REPORT OF THE BOARD OF STATUTORY AUDITORS,
FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016 AND INHERENT AND CONSEQUENT
RESOLUTIONS**

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the separate financial statements for the October 1, 2015 – September 30, 2016 period, comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of changes in Shareholders' Equity, Cash flow statement and the Explanatory notes, as well as the annexes and Report on operations.

The Board of Directors proposes that the Shareholders' Meeting posts the loss for the year ended as at 30 September 2016, of EUR 30.77 million as a reduction of Available Reserves

Milan, 14 December 2016

on behalf of the Board of Directors
The Chairman
(Franco Dalla Sega)