



Annual Report
as at 31 December 2007



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Exprivia Group Board of Directors' Management Report.

GROUP PROFILE AND STRUCTURE

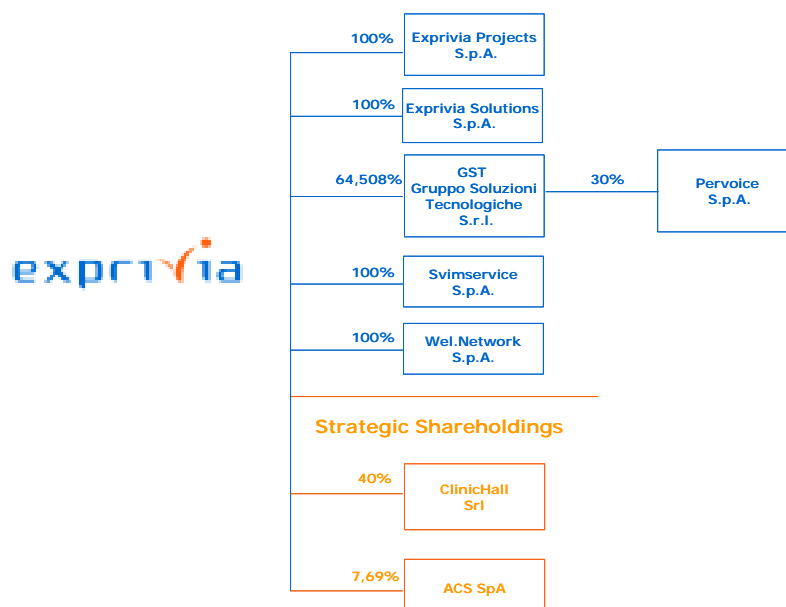
Exprivia is based on a wealth of competences and experience matured in more than 20 years in Information Technology in the banking and finance, industry, telecommunications, utilities, transport, public administration and health markets. Exprivia has always looked to the future, constantly searching for technologies that would anticipate market trends so that it can offer clients solutions and services able to improve their products and services.

This strategic vision, coupled with the knowledge of the specific needs of each client, the vertical offer system, ability to manage complex projects and a research and development division of international excellence are the distinctive elements of the group. Exprivia has been listed on the Italian Stock Exchange since 2000 and the STAR MTA segment since October 2007 and currently has a team of over 1200 staff distributed between its main office in Molfetta (Bari) and those of Milan, Rome, Vicenza, Trento and Bologna.

Exprivia manages company processes effectively based on a quality system in compliance with UNI EN ISO standard 9001:2000 thus guaranteeing maximum transparency inside and outside the company.

As a result of the many years of experience on the market, Exprivia has developed an offer focussed on **proprietary solutions**, mainly in the banking and clinic-health sector and **solutions based on the main third party software platforms** in the ERP, Business Intelligence, SOA, CRM and financial sectors (Capital Market) which it offers to clients by adopting advanced project and application management models.

GROUP STRUCTURE



Exprivia Projects S.p.A. is a company controlled 100% by Exprivia S.p.A. specialised in planning and managing Call Centre, Contact Centre and Help Desk systems and infrastructures and providing the relative services, also on behalf of third parties.

Exprivia Solutions S.p.A., owned 100% by Exprivia S.p.A, is the group company dedicated to the creation and supply of high added value solutions and IT products for the defence and space, services and local and central government markets.

G.S.T. - Gruppo Soluzioni Tecnologiche S.r.l., in which Exprivia S.p.A holds a 64.50% stake, focuses on developing and planning voice recognition solutions. Currently GST produces and markets innovative services and software applications using the best speech recognition technologies available on international markets.

Exprivia acquired 100% of Wel.Network S.p.A. and Svimservice S.p.A. on 30 November 2007.

Wel.Network, set up in 1976, has gained a great deal of experience in many traditional sectors of the IT market focusing, in particular, in recent years, on professional services provided on SAP applications with a particular penetration in the industry and energy sector, combined with significant activity in the resale of third party software (Business Object and IBM-Ascential) licences.

Svimservice, set up in 1974, has become an established ICT company in the health IT sector, with the geographic extension and diversification of its customer portfolio and an offer for the development and management of health information systems based on proprietary solutions and web oriented technologies. In addition, it is operative in the field of IT systems and software applications for local government software (P.A.L.).

Strategic shareholdings

ClinicHall S.r.l., in which Exprivia S.p.A. holds a 40% share, was set up in 2004 to give shape to a research and development project for an innovative clinical IT able to support the processes and information that characterise the clinical activities of public and private health structures electronically, using the skills, competences, sales force and references of the companies involved in the capital.

ACS S.p.A., in which Exprivia S.p.A. holds a 7.69% share, plays an important role in the sector of software and hardware for the acquisition, management and interpretation of satellite images at both a national and international level. The company has offices in Rome and Matera and employs more than 110 staff.

Other shareholdings

Exprivia Solutions S.p.A. holds a 100% share in the capital of **Farm Multimedia S.r.l.** It is in the process of being wound up and no longer carries out any industrial activities.

AI Softw@re Professional Services S.r.l., 100% owned by Exprivia Solutions S.p.A, no longer operates on the market since its professional services business was transferred to the parent company on 1 June 2005.

Aemedia S.r.l., 100% owned by Exprivia S.p.A., focuses on video-communication projects but is currently not carrying out any industrial activities.

IQS New S.r.l., of which Exprivia S.p.A. holds a 10% share, is a company developing and managing web services.

AI Faro, 100% owned by Svimservice S.p.A, is a company that carries out technical and management training, intensive training and management consultancy. It also organises refresher and executive-master courses for public administration and the health service. The company was not active in 2007.

Software Engineering Research & Practices S.r.l., in which Exprivia S.p.A. holds a 6% share, is a spin-off of the Università degli Studi di Bari whose aim is to industrialise university research results in the software engineering field and transfer them to company processes.

Exprivia is also part of various consortia:

Consorzio Pugliatech, set up to take part in the 'Programme Contract' included in the Puglia POR 2000-2006 tender;

Consorzio Conca Barese, set up to manage the Conca Barese Territorial Agreement;

Limited liability consortium called 'Centro di Competenza ICT-SUD' (CC ICT-SUD), set up to undertake initiatives appropriate for development in the Objective 1 Regions (Puglia, Campania, Calabria, Sicily and Basilicata) by setting up an ICT Technology Competence Centre spread over a network of regional centres.

Biogene Consortium, for the development of the project called '*Laboratorio pubblico privato per lo sviluppo di strumenti bio-informatici integrati per la genomica, la trascrittomica e la proteomica (LAB GTP)*' (Public-private laboratory for the development of integrated bio-IT instruments for genomics, transcriptomics and proteomics).

GENERAL COMMENTS

The data for 2007, unlike that of the previous year, includes that of the newly acquired companies Svimservice S.p.A. and Wel.Network S.p.A. **as of 01.08.2007**. Therefore, variations in the consolidation perimeter must be borne in mind when comparing data with that of the previous year. Every time a comparison of the two values is considered important, the calculation perimeter will be specified for all values that need to be compared.

SIGNIFICANT GROUP DATA

The following table contains a summary of the Group's main consolidated economic and financial data as per the Balance Sheet. The data below, obtained through the application of the international IAS regulations in force, shows the 2007 information for the Exprivia Group in the current consolidation perimeter, including Svimservice S.p.A. and Wel.Network S.p.A. with effect from 01.08.2007.

Economic Data	31.12.2007	31.12.2006
Total production revenue	65,829,563	47,030,377
net revenue and variations in work in progress	62,581,780	44,209,601
increases in fixed assets for internal work	994,384	992,217
other revenue and contributions	2,253,399	1,828,559
Difference between production costs and revenue (EBITDA)	10,098,378	5,552,479
% of production revenue	15.34%	11.81%
Net operating result (EBIT)	7,863,401	3,421,751
% of production revenue	11.95%	7.28%
Net result	3,483,361	1,111,972
Group net worth	45,661,107	28,380,981
Total assets	132,208,770	76,084,018
Company capital	21,801,519	17,642,488
Net circulating capital (1)	14,913,896	12,150,690
Cash flow (2)	8,701,825	3,515,254
Fixed capital (3)	74,343,031	39,478,152
Investments	36,673,500	1,626,319
Liquid assets/securities (a)	6,171,365	1,509,360
Short term financial debts (b)	(19,440,062)	(13,990,725)
Medium to long term financial debts (c)	(20,688,137)	(4,271,353)
Net financial position (4)	(33,956,834)	(16,752,718)

(1) - 'net circulating capital' is calculated as the sum of the total current assets, minus liquid assets, minus total current liabilities plus payables to banks

(2) - Cash flow is calculated as sum of the net result adjusted by depreciation, RA fund variations and devaluations

(3) - 'Fixed capital' is equal to total non-current assets

(4) - Net financial position = a - (b + c)

The Exprivia Group closed 2007 with **consolidated production revenues** of Euro 65.8 million (+ 39.97% against 2006), **EBITDA** of Euro 10.1 million (+ 81.9% against 2005), **EBIT** of Euro 7.9 million (+129.81% over 2006) and Group **net worth** of Euro 3.5 million (+ 213.2% over 2006). The **net consolidated financial position** as at 31 December 2007 is of Euro -33.9 million compared to the Euro - 6.7 million as at 31/12/06. This increase is due to the Euro 19.5 million financing used for recent acquisitions; net of the above operations, the net financial position would have improved by around Euro 2 million, confirming the Group's capacity to generate cash flow through ordinary management.

As at 31 December 2007, the **net worth** of the group is Euro 45.7 million compared to Euro 28.4 million at 31 December 2006.

SIGNIFICANT GROUP DATA DRAWN UP WITH THE SAME 'REFERENCE PERIMETER'

To better illustrate the results of the recent acquisitions on the main consolidated economic, capital and financial data of the group, it was thought best to complete the information with the consolidated data for the entire reference period and with same consolidation perimeter.

Economic Data	31.12.2007	31.12.2006
Total production revenue	83,350,269	88,869,797
net revenue and variations in work in progress	79,797,584	85,633,187
increases in fixed assets for internal work	994,384	992,217
other revenue and contributions	2,558,301	2,244,393
Difference between production costs and revenue (EBITDA)	13,461,733	11,783,043
% of production revenue	16.15%	13.26%
Net operating result (EBIT)	10,862,228	8,900,344
% of production revenue	13.03%	10.02%
Net result	4,834,404	3,244,203
Group net worth	45,661,106	33,942,355
Total assets	132,208,770	101,697,152
Company capital	21,801,519	17,642,488
Net circulating capital (1)	14,913,894	20,172,236
Cash flow (2)	8,447,024	7,802,610
Fixed capital (3)	74,343,031	44,985,412
Investments	31,513,718	1,860,117
Liquid assets/securities (a)	6,171,365	4,226,798
Short term financial debts (b)	(19,440,062)	(18,349,355)
Medium to long term financial debts (c)	(20,688,137)	(5,919,524)
Net financial position (4)	(33,956,834)	(20,042,081)

(1) - 'net circulating capital' is calculated as sum of the total current assets,

minus liquid assets, minus total liabilities plus payables to banks

(2) - Cash flow is calculated as sum of the net result adjusted by depreciation, RA fund variations and devaluations

(3) - 'Fixed capital' is equal to total non-current assets

(4) - Net financial position = a - (b + c)

THE OFFER

As a result of the years of experience in the market, Exprivia offers top quality modular solutions and specialised advisory services that are able to adapt to the rapid evolution of the market and its clients' needs. In order to achieve these objectives, the company has constantly extended and diversified its offer, focusing on **proprietary/third party solutions** and high level **technological competence** for the following markets:

- ✓ **Banking & Finance**
- ✓ **Health**
- ✓ **Industry, Telecommunications, Media, Energy & Oil**
- ✓ **Public Administration, Transport and Utilities**

Exprivia guarantees client companies highly technological expertise, excellent specialisation and tried and tested methods thus guaranteeing a competitive offer in line with the highest quality standards. Exprivia is currently one of the most active groups in the planning, development and integration of innovative software solutions, boasting a multitude of skills gained in over twenty years' activity on the reference markets and constant collaboration with leading Italian and international universities.

The markets

Banking and finance

Exprivia has been working for the banking sector for over twenty years in the sphere of **automatic credit scoring systems** and advice on the operational-management processes that subattend the life cycle of credit worthiness and has professional figures with specific competences at various levels, united by a consolidated experience in credit management. Exprivia has a technological competence centre able to design and develop applications that use all the main reporting databases and operate on any platform (both mainframe, and client/server as well as Web platforms) even with different operating systems. Exprivia's many years of experience in **Murex MXG2000** systems is particularly significant as it has acquired great competence through important planning and system management experiences at major investment banks in the Application Management, Front & Back Office, System Implementation and System Integration spheres. With reference to the technological aspect, Exprivia is able to provide structures, methods and solutions dedicated to the management, distribution and integration of mission critical data and applications in the finance sector (Information Management, System Integration and Financial ASP).

Health

Exprivia's offer in this sector focuses on the marketing of a proprietary software platform for the **integration of clinical and diagnostic processes** for public and private hospital structures. Exprivia has confirmed its leadership in the medical market with the most complete range of products for medical diagnostic services, strengthened by the experience gained in medical imaging management technologies since the early 1990s.

The recent acquisition of Svimservice has enabled the group to extend its offer significantly, as a result of the expertise acquired in thirty years' experience in the health sector, and it suggests high added value IT services, advisory, information and operational support for institutional players in health management (health companies, regional agencies and the health policy departments of local councils).

Industry, Telecommunications and Media

Exprivia's offer in **industry** is based on its ability to interpret its customers' business and turn its technological skills into streamlined and efficient solutions for the various operational contexts in which its value chain develops. The result is a series of services and solutions that, in an integrated logic, cover both the primary (logistics, production and sales) and support processes (administration, finance and human resources), paying particular attention to ERP, Extended ERP and EAI.

In the **Telecommunications** market, Exprivia is able to offer mobile and land line operators core process solutions with a complete and innovative system integration offer. Exprivia's experience covers both business support systems (BSS) and operating support systems (OSS). In particular, for BSS, Exprivia has experience and development ability in pricing/billing systems and CRM, for the configuration and management provisioning, order management, testing and quality control systems. In the OSS sphere, Exprivia has designed and developed solutions for the efficient management of network infrastructures, database (Oracle, SQL Server), configuration and network management, performance analysis, operational management of data centres and outsourced Service Level Agreement regulated services.

In the **Defence and Aerospace** sector, Exprivia creates real time applications, and has worked in accordance with civil and military standards, both at a national and international level, since 1985 and has consolidated competences in the production of system software, control systems, embedded systems, graphic tools, networking and complex system prototyping.

With the acquisition of Wel.Network, Exprivia has also strengthened its presence in the **Oil & Gas** sector, integrating its specific competences in the processes of extraction, transport, storage, refining and distribution of petroleum and natural gas with skills gained in related sectors (e.g. multi-utilities) in order to accompany **the evolution of the energy sector**. As a result of its exhaustive knowledge of the market, Exprivia is able to interpret its customers' business and turn its process and technological expertise into efficient and streamlined IT solutions, the result of which is a series of products and services covering both primary and support processes in an integrated logic.

PUBLIC ADMINISTRATION, TRANSPORT AND UTILITIES

Exprivia deals with the following areas for public administration:

- ✓ e-government with solutions in the security sector (digital signature, identity documents, service portals);
- ✓ e-procurement for the rationalisation of public spending with e-catalogue solutions, on-line auctions and marketplace.

In the management sector, Exprivia develops customised solutions, based on SAP IS-U systems for the utilities world and SAP-IS-PS for public administrations. The company also offers Document Management systems and solutions for the management and optical archiving of documents within the various company processes.

The acquisition of Svimservice has added a rich catalogue of products for local bodies (councils, provinces and municipal companies) in the accounting, human resources, management control and e-government system and procedure management (protocols, decisions, resolutions, etc.) sectors.

Competences

The methodological approach adopted, in accordance with standards concerning both the development of software solutions and project management - analysis, planning, development, maintenance and training - guarantees top quality results and enables all project activity phases to be appropriately monitored, optimising time and costs. Exprivia's competence is partly transverse to the reference markets and partly specific to certain sectors:

Transverse Competence

- ✓ ERP and Extended ERP

- ✓ Business Intelligence
- ✓ Enterprise Application Integration
- ✓ Knowledge Management
- ✓ Embedded & Real Time Systems
- ✓ Voice Recognition
- ✓ Visual Collaboration
- ✓ Infrastructure Management System

Vertical Competences

- ✓ RIS & PACS
- ✓ Credit Risk Management
- ✓ Financial Services

Solutions

The high level of technological expertise and the experience gained in particular market sectors has enabled the development of proprietary and third party technological platforms that are known for their excellent reliability, considerable effectiveness in the management of supported business processes and continuous adaptation to technological evolution.

Proprietary solutions

CREDIT RISK MONITORING SOLUTIONS: GLOBAL CREDIT MANAGEMENT

The Global Credit Management solution is an integrated modular system of application solutions aimed at supporting the different activities of assessment, creation, control and management of the credit portfolio of a credit institute.

TRADING ROOM SOLUTION: EXTENDED FINANCIAL FRAMEWORK

This is a proprietary application framework on which the finance solutions and libraries that Exprivia makes available to both Front- and Middle-Offices are based.

RADIOLOGY AND MEDICAL SOLUTIONS

The range of RIS-PACS products for radiology is complete with all application components necessary for following the rapid evolution of the sector, maintaining the investment in time.

NON STRUCTURED INFORMATION PROCESSING SOLUTIONS

DeepKnowledge is a proprietary solution created to support the acquisition, organisation and fruition of explicit knowledge contained in non-structured information of specific domains developed using Natural Language Processing techniques specifically designed for easy integration into existing applications (corporate portal, document management system, content management system, customer relationship management system, etc.).

Third party solutions

MUREX

The **MXG2000** platform, developed by the French company Murex S.A., is amongst the leading products on the market used by investment banks, corporate treasuries, asset managers and hedge funds. Exprivia has been a specialist in the product (with MxRates first followed by MXG2000) for years due to the expertise consolidated in the finance sector and numerous important project and system management experiences in the main investment banks in the following spheres:

- ✓ Application Management (corrective and evolutionary maintenance, customisations, system parameterisation, upgrade release task force);
- ✓ Front Office (instrument configuration, P&L analysis, risk management procedure);
- ✓ Back Office (ticketing & confirmations, payments, warnings, accounting, auditing and management control);
- ✓ System Implementation (OLK, MxML, Reporting Module, Risk Matrix, Flex API and MDCS)
- ✓ System Integration (Deal Capture and market integration, real-time contributor configuration, import and export of registers and transactions, automatic interfacing using MxMI module or main market middleware).

SECURITY: ELECTRONIC VAULT TO PROTECT CONFIDENTIAL DOCUMENTS

Cyber-Ark is an IT security company that has developed a software solution for the secure storage and management of confidential information using a digital vault of which Exprivia is the authorised retailer for Italy.

REMOTE, SWITCHING AND VIDEOCONFERENCE SOLUTIONS

Exprivia distributes and provides support for the leading remote control and switching systems. The combination of remote control and switching systems allows multiple information resources to be centralised and optimised, facilitating access both from an ergonomic and information legibility point of view. In addition, Exprivia markets video-communication solutions that overcome spatial distances and standardise temporal asynchronisms without users having to move physically.

TREND IN THE REFERENCE MARKET IN 2007

Market data

According to Assinform estimates, expenditure on Information Technology continues to grow in Italy. In 2007, growth was 2% compared to the +1.6% of the previous year, higher than that of the GDP of the previous year, around 1.7%. Companies invested more in the IT sector; in particular, medium-sized companies in which investments grew by 1.9% compared to the 1.7% of large companies and 0.6% of small ones. Although there are many cases of major industrial projects adopting new technologies, the innovation process in the Italian production system is still modest, involving a very limited number of companies, and distribution throughout the country is too fragmented.

Analysis of the different IT sectors shows that hardware continued to drive the market in 2007, but the increase in the software sector was the most significant, due to a particularly positive performance of the middleware segment. This increase confirms companies are pursuing innovation as it is a fundamental instrument in projects for the rationalisation of IT infrastructure and application integration. For 2008, Assinform forecasts that, despite the negative scenarios looming over the economy, IT should continue to grow, even if only by around +1.8%, a figure that is, however, destined to exceed the estimated GDP rate of between 0.5% and 0.8%. The driving role of products 'Made in Italy' should be considered within this scenario, in particular that of the clothing, food, furniture and mechanical automation sectors that has found

renewed success as a result of the quality of the products, reorganisation of production and the strong commitment to international markets. More detailed information on the ICT market in 2007 can be found in the Assinform Q1 2007 Report. This shows that the sector grew by 1.7%, reaching around Euro 9,921 million, consolidating the trend to recovery that was still rather weak (+1.1%) in the middle of 2005.

The **software and services** sector (Euro 6,671 million) began to grow once more (+1%) in the first half of 2007 mainly due to the contribution of software, which increased by 3% (compared to 0.6% in the same period of the previous year). In the sphere of IT services (Euro 4,696 million, + 0.2%), the effect of a further drop in prices, the contractual power of major customers and economic uncertainty were evident. The most dynamic sectors were outsourced services (Euro 1,378 million, + 2.1%), embedded systems (Euro 520 million, +0.9%), system integration (Euro 512 million, +0.8%) and consultancy (Euro 532 million; + 1.8%), which only just offset the downward trend of all the other sectors, starting from the most substantial of application development and maintenance (Euro 1,058 million, -1.3%).

Trend in the Exprivia Group results

The following table illustrates the production revenue and EBITDA margins for all four Exprivia Group business lines. The revenue as at 31/12/07 and the relative EBITDA margin were calculated including Svimservice and Wel.Network results for 1-8-07 to 31-12-07 as well. In particular, Svimservice results were included in the PA and Health figures while Wel.Network results were included in the Industry, Telecommunications, Defence and Aerospace and Gas & Oil figures.

Exprivia Group (Values in K Euro)	Revenue 31/12/2007	Revenue 31/12/2006	% Variations	EBITDA 31/12/2007	EBITDA 31/12/2006	% Variations
Banking, Finance and Insurances	12,889	10,527	22.44%	2,080	1,482	40.35%
Industry, Telecommunications & Media	20,468	14,953	36.88%	2,827	2,177	29.86%
PA, Transport & Utilities	14,131	13,101	7.9%	1,188	867	37.02%
Health	15,093	5,556	171.65%	4,003	1,027	289.78%

In order to assess the trend of the group, independently of the contribution made by the new acquisitions, the following table illustrates the production revenue and EBITDA margin of all four Exprivia Group business lines calculated using **the same consolidation perimeter** (without considering, therefore, the revenue and EBITDA of the new acquisitions Svimservice and Wel.Network).

Exprivia Group (Values in K Euro)	Revenue 31/12/2007	Revenue 31/12/2006	% Variations	EBITDA 31/12/2007	EBITDA 31/12/2006	% Variations
Banking, Finance and Insurances	12,843	10,527	22%	2,069	1,482	39.61%
Industry, Telecommunications & Media	15,264	14,953	2.10%	1,976	2,177	-9.23%
PA, Transport & Utilities	12,497	13,101	-4.61%	771	867	-11.07%
Health & Medical	7,597	5,556	36.74%	1,574	1,027	53.26%

Banking, Finance and Insurance

The **Banking, Finance and Insurance** Business Line increased its turnover by 22% compared to 31/12/2006 using the same consolidation perimeter, and the result also remains unchanged considering the post acquisition table. The significant growth in revenue is mainly attributable to two factors. Firstly, the positive result of a business strategy started at the beginning of the year, focused on cross-selling and marketing initiatives that lead to the acquisition of new leading customers and contracts in the Finance Solution, Capital Market and Credit Risk Management sectors. Secondly, Exprivia benefited from the merger/integration of the banking and finance sector that led to the acquisition of extraordinary orders, in particular, during the second half of the year.

Industry, Telecommunications & Media

The **Industry, Telecommunications & Media** Business Line achieved growth of 2.10%, compared to 2006, with the same consolidation perimeter even though the large company market re-dimensioned its IT investment budget. Further, constant monitoring of the market and careful analysis of its features have enabled the group to acquire new customers, also as a result of the all-round integrated offer that combines technical and functional competences, the supply of complete solutions and advisory services in support of core processes. In the SME market, the business decision to focus on central and southern Italy and some specific sectors (food, furniture, retail, E&C, etc.), has enabled collaboration with the reference technology partners to be maximised and some important order obtained from the last quarter of the year, and also create an interesting pipeline of prospects for 2008. Margins fell by 9%, once again suffering from the resale of third party products with reduced margins. If the post acquisition results are taken into account, the increases were more consistent both in terms of revenue and EBITDA margin. Revenue for this business line not only included that of the Exprivia Group but also that of the newly acquired Wel.Network (1/8-31/12) reaching an overall sum of Euro 20.4 million, an increase of 36%. In 2007 Wel.Network's business activities, mainly centred around the Oil & Gas sector, focused on improving margins by substituting the sale of third party products with consultancy and service activities. There was a compensatory effect compared to the pre-acquisition result, which increased the EBITDA margin of the business line by 29.86%.

Public Administration, Transport and Utilities

The revenue from the **Public Administration, Transport and Utilities** business line, calculated with the same consolidation perimeter, was 4.6% lower than that of 2006. The business strategy adopted in 2007 focused on improving margins through three specific actions: re-qualifying relationships with partners, drawing up a more targeted and vertical offer in the PA sector (less focused on Transport and Utilities) and obtaining direct PAC orders. The strategies adopted led to good results both in terms of establishing relationships and obtaining major contracts whose revenue will be seen during 2008. If the post acquisition results are taken into account, Svimservice results in the PAL sector improved revenue at 31/12/2007 by 7.9% on the previous year. Svimservice's business activities in the PAL sector focused mainly on:

- ✓ consolidation of some orders due to expire (a new three-year contract was won for Bari Council Tax System, and the renewal of the payroll management agreement with Milan City Council, etc);
- ✓ new acquisitions of innovative technology whose effects will be felt in the next accounting period (SEBOL portal for territorial marketing services for a group of town councils in Puglia);
- ✓ an increase in the number of added value services for existing orders for Information System management.

These initiatives enabled Svimservice to maintain revenue and margins unchanged within this sector of the market.

Health

The Health Business Line has definitely improved, using the same consolidation, showing an increase of 37% on the 2006 revenue. This result, obtained by refocusing the business structure on a more direct

support of end customers, comes from both the delivery of some significant orders gained in the third quarter in the public health segment and the extension of the installed base private bodies as well as that of the range of offers in other clinical fields.

There was also a decidedly positive result in terms of revenue in the vocal recognition sector, especially as a result of the closure of some significant negotiations and the perfect integration of Reco Sistemi in GST. These results make the Exprivia Group the indisputable leader in the Italian voice recognition sphere in the medical market.

Svimservice's business activities in the medical sector featured a growth in revenue and a marked increase in margins of all the main orders related to the management of the health information system of Puglia and that of the Booking Centres (CUP). In particular, the concept of a multi-channel health booking system, increasing the links with health operators in the area (pharmacists, GPs and private clinics) to complement the services already offered at traditional centres and through Call Centres has definitively developed.

SIGNIFICANT EVENTS DURING THE YEAR

COMPANY EVENTS

Pervoice S.p.A., a software house aiming to enhance the voice recognition technology developed at the IRST laboratories of the Bruno Kessler Foundation in Trento through the provision of services and project creation in the automatic voice processing field was set up on **9 March 2007**. GST, part of the Exprivia Group, holds 30% of the company capital.

An ordinary meeting was held at the company's registered office on **27 April 2007** to approve the following resolutions:

- (1) approval of the Balance Sheet as at 31 December 2006, allocating Euro 54,944 of the operating profit of Euro 1,098,875 to the Legal Reserve and Euro 1,043,931.00 to cover the losses of previous years;
- (2) revoke the previous resolution authorising the purchase and provision of its own shares, as unused, and approve a new authorisation, in accordance with Art. 2357 of the Civil Code, to buy and sell the company's own shares;
- (3) extend the assignment of auditing awarded to PKF Italia by another six accounting periods. The assignment is now for an overall total of nine financial years, intending by this the period from 2005 to 2013.

An Extraordinary Meeting was also held on **27 April 2007** that attributing the following powers to the Board of Directors:

- (i) merger decisions in those cases set out in articles 2505 and 2505-bis;
- (ii) adaptation of the Articles of Association to the provisions of the law;
- (iii) transfer of the company's registered office in Italy.

On **29 June 2007**, the Board of Directors of Exprivia S.p.A. decided to make the changes to the Articles of Association necessary to comply with Law 262 ('Savings Law') of 28 December 2005, as subsequently amended and supplemented by Legislative Decree 303 ('Corrective Decree') of 29 December 2006, in accordance with the powers attributed to them by the Extraordinary Meeting of 27 April. The aforesaid regulations introduced some significant changes, mainly concerning the methods of appointing Board members and the control of listed companies.

The project to merge Reco Sistemi S.r.l. into the parent company G.S.T S.r.l., approved by the Extraordinary meetings of the two companies held on **3 July 2007**, was carried out on **19 September 2007**.

The Company's Extraordinary Meeting was held on **30 November 2007** to implement the following increases in capital proposed by the Board of Directors:

- ✓ a capital increase for an overall Euro 6 million, issuing 4,125,413 new ordinary shares with a surcharge of Euro 0.9344, excluding option rights in accordance with article 2441, subsection 5, of the Civil Code, with contextual underwriting and release through the allocation to reserve capital by payment into the capital increase deposit account entered in the Balance Sheet of Exprivia from 31 December 2005 of Euro 6 million by the current controlling partner **Abaco Innovazione S.p.A.**
- ✓ a capital increase for an overall Euro 2,375 million, issuing 1,078,516 new ordinary shares with a surcharge of Euro 1.6821, excluding option rights in accordance with Articles 2440 and 2441, subsection 4, of the Civil Code, with contextual underwriting and release through a non-cash consideration of the shareholding of 25% in Wel.Network S.p.A. by **Data Management S.p.A.**
- ✓ a capital increase for an overall Euro 6 million, issuing 2,794,207 new ordinary shares with a surcharge of Euro 1.6273, excluding option rights in accordance with Articles 2440 and 2441, subsection 4, of the Civil Code, with contextual underwriting and release through a non-cash consideration of the shareholding of 22.73% in Svimservice S.p.A. by **Merula S.r.l.**

The parent company Exprivia S.p.A. acquired 100% of **SVIMSERVICE S.p.A.** and **WEL,NETWORK S.p.A.** on **30 November 2007** with the aforesaid capital increases.

On **7 December 2007** Exprivia increased its shareholding in ClinicHall S.r.l. from 22% to 40% of the company capital purchasing the relative shares from other partners; on the same date, ClinicHall S.r.l. held a meeting to discuss a capital increase (from € 100,000 to € 300,000); Exprivia S.p.A. underwrote its share of the capital increase (40%).

On **21 December 2007** Exprivia Projects S.p.A. merged with Exprivia Customer Services S.r.l. with public document of the Notary Mr. Stellacci of Molfetta. The merger project was approved by the Extraordinary Meetings of the two companies held on **15 October 2007**.

The document to transfer the branch of the business of Exprivia Projects concerned with the 'Supply of systemic services for the management of ICT infrastructure and the development and management of business process support applications' to Exprivia S.p.A. was signed on **28 December 2007**.

Stock Option Plan

On **29 June 2007**, the Board of Directors deliberated the **Assignment of a second packet of 1,031,000 personal and non-transferable stock options relating to 2007**, intended for around 15% of the group's workforce, thus implementing the regulations approved on 20 December 2006. The options assigned concern 3.03% of the company capital in addition to the 1,238,000 options assigned with the first packet. The Board also identified achievement of the performance objectives referring to the consolidated EBTIDA (gross operating margin) of the Exprivia group as per the 2007 Balance Sheet as conditions for the accrual of stock accrual for this second packet. The options can be exercised in the ratio of one share for each option assigned. The options assigned for 2007 can only be exercised at a price of Euro 2.2034 from 1/07/2010 to 31/12/2010, subject to the accrual conditions being fulfilled.

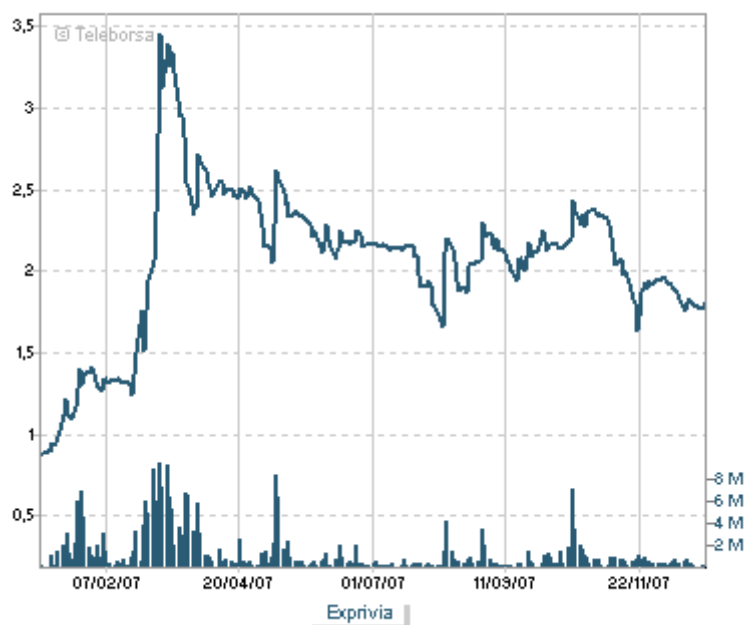
The assignee's rights in relation to the options assigned are intrinsically and operationally linked and conditioned to the continuance of the relative requirements for each assignee at the time the options are exercised.

EXPRIVIA ON THE STOCK EXCHANGE

Exprivia shares have been listed on the Italian Stock Exchange (MTAX-STAR) since August 2000 moving to the STAR segment on 28 September 2007. The capital stock consists of 41,925,998 shares of a nominal value of Euro 0.52, of which 33,927,862 are traded on the Italian Stock Exchange and the remaining part issued with a different ISIN code while awaiting CONSOB approval of the placement memorandum for the increase in capital.

ISIN Stock Exchange Code:	IT0001477402	
Abbreviation:	XPR	
Specialist Bank	IMI	
Composition of Shareholders:	Abaco Innovazione S.p.A.	52.54%
	Merula S.r.l:	6.66%
	Data Management S.p.A.:	2.57%
	Other shareholders (< 2%):	37.83%

Trend in quotation



COMPANY BODIES

The Board of Directors and auditors of some of the companies of the group were renewed during 2007; therefore, at 31 December 2007, they consist as follows:

COMPANY	DIRECTORS	AUDITORS
Exprivia S.p.A.	<ul style="list-style-type: none"> ✓ Francesco Gardin (Chairman) ✓ Domenico Favuzzi (Managing Director) ✓ Dante Altomare (Executive director) ✓ Giorgio De Porcellinis (Non-executive director) ✓ Antonio Forte (Non-executive director) ✓ Pierfilippo Roggero (Independent director *) ✓ Pierantonio Ciampicali (Independent director *) 	<ul style="list-style-type: none"> ✓ Renato Beltrami (Chairman) ✓ Gaetano Samarelli (Regular auditor) ✓ Leonardo Giovanni Ciccolella (Regular auditor)
Exprivia Projects S.p.A.	<ul style="list-style-type: none"> ✓ Dante Altomare (Sole Administrator) 	<ul style="list-style-type: none"> ✓ Mauro Ferrante (Chairman) ✓ Maria Rachele Capurso (Regular auditor) ✓ Leonardo Giovanni Ciccolella (Regular auditor)
Exprivia Solutions S.p.A.	<ul style="list-style-type: none"> ✓ Lucio Sepede (Sole Administrator) 	<ul style="list-style-type: none"> ✓ Renato Beltrami (Chairman) ✓ Mauro Ferrante (Regular auditor) ✓ Gaetano Samarelli (Regular auditor)
Svimservice S.p.A.	<ul style="list-style-type: none"> ✓ Domenico Favuzzi (Chairman) ✓ Giancarlo Di Paola (Managing Director and General Manager) ✓ Dante Altomare (Director) ✓ Donato Dalbis (Director) ✓ Francesco Demichele (Director) 	<ul style="list-style-type: none"> ✓ Renato Beltrami (Chairman) ✓ Giuseppe Vittoli (Regular auditor) ✓ Gaetano Samarelli (Regular auditor)
Wel.Network S.p.A.	<ul style="list-style-type: none"> ✓ Domenico Favuzzi (Chairman) ✓ Stefano Baldini (Managing Director) ✓ Mario Ferrario (Director) ✓ Filippo Giannelli (Director) ✓ Renato bellotto (Director) 	<ul style="list-style-type: none"> ✓ Renato Beltrami (Chairman) ✓ Silvano Cipolla (Regular auditor) ✓ Nicola Zorzi (Regular auditor)
G.S.T. – Gruppo Soluzioni Tecnologiche S.r.l.	<ul style="list-style-type: none"> ✓ Paolo Stofella (Chairman) ✓ Alessandro Tescari (Director) ✓ Donato Dalbis (Director) ✓ Filippo Giannelli (Director) ✓ Roberto Postal (Director) ✓ Marco Biraghi (General Manager) 	<ul style="list-style-type: none"> ✓ Renato Beltrami (Chairman) ✓ Pompeo Viganò (Regular auditor) ✓ Fabio Zorzi (Regular auditor)
AI Softw@re Professional Services S.r.l.	<ul style="list-style-type: none"> ✓ Simone De Cristofaro (Sole Administrator) 	
Aemedia S.r.l.	<ul style="list-style-type: none"> ✓ Pietro Sgobba (Sole Administrator) 	
Farm S.r.l. Multimedia in liquidazione	<ul style="list-style-type: none"> ✓ Giulio Guarino (Receiver) 	
Al Faro S.r.l.	<ul style="list-style-type: none"> ✓ Pietro Sgobba (Sole Administrator) 	

• * Independent Director in accordance with Article 3 of the Code of Self-Discipline adopted by the Italian Stock Exchange
 The Board of Directors is invested with the widest powers for the ordinary and extraordinary administration of the company, without exception, with all the abilities for the implementation and achievement of the company objectives. It may, therefore, assume any type of obligation and carry out any type of financial operation, without limitation, as it is responsible for anything not expressly indicated by law as being the competence of the shareholders' meetings (see Corporate Governance).

HUMAN RESOURCES

Staffing Variations

The following table summarises Group personnel as at 31 December 2007 compared with 31/12/2006.

Company	Employees 31/12/2007	Employees 31/12/2006	Collaborators 31/12/2007	Collaborators 31/12/2006
Exprivia S.p.A.	477	421	81	54
of which	34	36		2
Management & Commercial	22	20	1	
Extended ERP & B. I. production area	161	128	47	21
Svil SW & E. A. Integration production area	87	79	13	9
Infrastructure Mgmt Services production area	85	76	1	4
Industry Solutions production area		71		17
MDPS production area	28			
BFSS production area	49		13	
Research and Development laboratory	11	11	6	1
Wel.Network S.p.A.	135		3	
Svimservice S.p.A.	252		39	
Exprivia Solutions S.p.A.	42	44	1	1
Exprivia Projects S.p.A.	75	63	56	90
Exprivia Customer Services S.r.l.		7		-
GST S.r.l.	18	16	-	-
RECO Sistemi S.r.l.		1		3
Total	999	552	180	148
Senior Managers	25	17		
Middle Managers	87	46		

PROPERTY

All group property is in the name of the parent company, Exprivia S.p.A. The building at Viale Pio XI 40, Molfetta (Bari) consists of two premises of around 120 m². The company's current registered office, in Viale Ariano Olivetti s.n.c., Molfetta, extends over a surface area of 7,950 m², with four buildings totalling around 5.000 m², built in accordance with building permission No 7584 of 2 August 2002.

Training courses in the most modern information technologies are organised and held for numerous groups of people in the Molfetta office and the strategies of evolution in the expertise of the technical staff (both internal and of clients) is based on continuous professional updating.

The areas dedicated to IT instruments, equipped with sophisticated security systems, are not only able to house the current equipment necessary to manage and evolution of group infrastructures and the Research and Development laboratory, but also additional IT systems that can be used to offer the market complete solutions with project development and outsourced management with the latest security systems operating round the clock.

RELATIONSHIPS BETWEEN THE SUBSIDIARIES OF THE GROUP

Companies of the group have worked together on important projects aimed not only at optimising operational and staff structures, but also at the commercial, technological and application level. In particular, there is:

- ✓ widespread use of specific corporate marketing and communication competences within the group, creating paper, digital and Web advertising material;
- ✓ centralised management for the supply of specialised technical resources between group companies to manage staff turnover problems and render highly specialised technical skills available to all operational units;
- ✓ coordinated participation by Exprivia in public tenders for contract with the contribution of all companies, depending on their specific expertise;
- ✓ use of integrated accounting information systems to enable financial and administrative management to be centralised and optimised, and use of an integrated and centralised accounting management for projects and orders;
- ✓ centralised logistics function on behalf of all companies.

In addition, a cash pooling relationship based on the collaboration of some leading credit institutes and regulated by a particularly favourable interest rate has been activated within the Exprivia group.

RELATIONSHIPS WITH AFFILIATES

The following tables show the existing debit and credit relationships, both of a commercial and financial nature, between the Exprivia Group and its affiliates:

Description	Credits	Debits	Costs	Revenue
Geosym	85,066			
Mindmotion S.r.l. in bankruptcy	219,150	(63,344)		
Mindmotion provision for bad and doubtful debts	(55,805)			
Impression	80,486			
Impression provision for bad and doubtful debts	(80,486)			
San Vincente	12,820			
San Vincente provision for bad and doubtful debts	(12,820)			
Brainspark Plc				800
Network Services S.r.l.		(164,898)	1,613,717	
TOTAL	248,411	(228,242)	1,613,717	800

EVENTS FOLLOWING 31/12/2007

Company Events

On **12 February 2008**, the Extraordinary Meeting of the company deliberated an increase in capital on separable payment, to be offered to partners in accordance with Art. 2441, subsection 1, Civil Code, by 31 December 2008, of up to Euro 10,000,000.00 (Euro ten million), including the surcharge, proposed by the Board of Directors.

On **27 February 2008**, the ordinary meeting of Svimservice S.p.A., 100% controlled by Exprivia S.p.A.:

- ✓ approved its Balance Sheet 2007 showing achievement of the 2007 EBITDA target set and therefore the resulting obligation of Exprivia to pay Merula (Svimservice's previous majority shareholder) the earn out of Euro 3 million in cash;
- ✓ decided to distribute the profit earned in 2007 and the extraordinary reserve amounting to around Euro 4 million.

Acquisitions/Transfers within the Exprivia Group

On **31 January 2008**, Exprivia S.p.A. increased its share in ClinicalHall S.r.l. by 4% (taking it to 44%) underwriting part of the capital increase remaining.

On **25 February 2008** Exprivia S.p.A. increased its share in G.S.T. S.r.l. by 1.3% (taking it to 66.846%) purchasing part of the shares sold by another partner.

MANAGEMENT FORECAST

Management objectives are now aimed at launching effective and fast commercial development to expand market shares in strategic sectors after giving priority to pursuing strict cost control and reduction measures. These led to concrete results in 2007 with a net increase in industrial margins of Business and Service Lines. In order to achieve this objective, a managerial structure that tends to operationally integrate both the business and industrial organisations of the Exprivia Group and the companies Svimservice S.p.A. and Wel.Network S.p.A., which formally entered the group as of 1 December 2007, is being defined.

DEVELOPMENT PROSPECTS

The results achieved during 2007, and in particular during the second half of the year, confirm the strategic growth objectives communicated to the market in February 2006. Development strategies aim to position the Exprivia brand as the leading company on the national market for ability to innovate and the speed with which innovative solutions are offered. It is intended to use current positioning (multi-sector, multi-niche) to develop cross selling activities and, at the same time, develop strategic alliances with primary institutions to also extend the offer to foreign markets. The stated aim of the Exprivia group is to become a player able to position itself amongst the top ten national ICT groups, focusing its operating strategy on innovation, speed and cover, also of foreign markets.

The growth strategy for external lines has been confirmed acquiring the companies Svimservice and Wel.Network:

Wel.Network has gained a great deal of experience in many traditional sectors of the IT market focusing, in particular, in recent years, on professional services provided on SAP applications with a particular

penetration in the industry and energy sector, combined with significant activity in the resale of third party software (Business Object and IBM-Ascential) licences. The company has around 160 staff (employees and collaborators) in the registered office of Piacenza and the operational offices in Milan and Rome,

Svimservice has become an established ICT company in the health IT sector, with the geographic extension and diversification of its customer portfolio and an offer for the development and management of health information systems based on proprietary solutions and web oriented technologies. In addition, it is operative in the field of IT systems and software applications for local government software (P.A.L.). This has made Svimservice, with its head office in Bari, the leading company in Puglia and also giving it an important position in the domestic market.

ORGANISATIONAL MANAGEMENT AND CONTROL MODEL AS PER LEGIS. DEC. 231/2001

The company has almost completed the work necessary for the implementation of the Code of Conduct and model of organisation, management and control for the administrative liability of companies appropriate for preventing the crimes involved, notwithstanding the personal liability of those committing the crimes. The Technical Control Committee and Board of Directors have examined the final drafts of all the relative documents, i.e.:

- 1 - the general part defining the principles, logic and structure of the model referring, in particular, to the supervisory body, staff training and diffusion of the model within the company;
- 2 - special Part A specifically covering relationships with local and central government in order to prevent the crimes set out in Articles 24 and 25;
- 3 - special Part B specifically covering company issues in order to prevent those crimes set out in Art. 25c;
- 4 - the Code of Conduct defining the ethical principles inspiring the model.

These documents will be drawn up according to company quality procedures and circulated to all staff in the group. The supervisory body will be appointed immediately after.

Once the process is complete, it will be published on the company Internet site.

CORPORATE GOVERNANCE

The corporate governance system adopted by Exprivia S.p.A. (referred to below as '**Exprivia**' or the '**company**') supplements the rules and procedures set out in the Articles of Association and applicable provisions of law on which the company and group management and auditing system is based. The essential parts of this are based on the principles and recommendations contained in the new Code of Self-Discipline of listed companies issued by Borsa Italiana S.p.A. in March 2006. It is specified that the company brought its corporate governance structure into line with the criteria set out for the STAR segment at the Board meeting of 26 March 2007. The management and auditing model adopted by the company, in accordance with the Articles of Association, is of the so-called traditional type consisting of a Board of Directors and Board of Auditors; in detail, it features:

- ✓ a Board of Directors;
- ✓ a Board of Auditors called on to supervise observance of the law and deed of incorporation as well as respect for the principles of correct management in carrying out company activities and ensuring the internal auditing and accounting system is appropriate;
- ✓ shareholders' meeting able to deliberate in accordance with the provisions of the law and Articles of Association, amongst others, in ordinary or extraordinary administration:

An exhaustive and detailed description on the topic will be drawn up every year and submitted to the Shareholders' meeting for approval; the said document will be made available to the market in accordance with the law and regulations.

INFORMATION ON MANAGEMENT AND COORDINATION ACTIVITIES (ART. 2497-BIS)

In accordance with articles 2497 and subsequent amendments of the Civil Code regulating transparency in exercising company management and coordination activities, it is specified that the said activity is carried out by Abaco Innovazione S.p.A. with registered office in Viale Adriano Olivetti, Molfetta (Bari), Tax Code and VAT No 05434040720. In carrying out this activity:

- ✓ Abaco Innovazione S.p.A. has not prejudiced our company's interests and assets in any way;
- ✓ complete transparency of intra-group relationships has been guaranteed, thus allowing all those interested to check compliance with the preceding principle;
- ✓ operations with Abaco Innovazione S.p.A and its subsidiary companies were carried out under market conditions, i.e., under the same conditions that would have been applied to independent parties.

Economic and financial relationships with Abaco Innovazione S.p.A. and its subsidiary companies are highlighted in the paragraph on 'Relationships with Exprivia Group companies' of the Management Report. Further, in accordance with Art. 2497 and subsequent amendments regulating transparency in company management and co-ordination activities, the essential data from the last balance sheet of Abaco Innovazione S.p.A. is given below.

Abaco Innovazione S.p.A.	31-12-06	31-12-05
NON CURRENT ASSETS		
Shareholdings	30,539,579	30,413,587
Other financial assets	6,717	6,717
TOTAL NON CURRENT ASSETS	30,546,296	30,420,304
CURRENT ASSETS		
Commercial and other credits	93,027	341,230
Liquid assets	473	3,235
TOTAL CURRENT ASSETS	93,500	344,465
TOTAL ASSETS	30,639,796	30,764,769
NET WORTH		
Company Capital	1,000,000	1,000,000
Own shares	(152,920)	(115,420)
Other reserves	22,211,643	22,174,605
Previous years' profits (losses)	4,586	4,586
Year's profits (losses)	(357,730)	37,038
TOTAL NET WORTH	22,705,579	23,100,809
NON CURRENT LIABILITIES		
Payables to banks	6,300,000	7,000,000
TOTAL NON CURRENT LIABILITIES	6,300,000	7,000,000
CURRENT LIABILITIES		
Payables to banks	791,706	5,230
Payables to suppliers	75,987	43,904
Other financial liabilities	399,149	341,049
Tax debts	23,068	208,006

Other current liabilities	344,307	65,771
TOTAL CURRENT LIABILITIES	1,634,217	663,960
TOTAL LIABILITIES AND NET WORTH	30,639,796	30,764,769
PROFIT AND LOSS ACCOUNT		
Revenue	200,000	4,551,201
Other revenue	13,027	180,977
Variations in stock		243,641
TOTAL PRODUCTION REVENUE	213,027	4,975,819
Raw materials and consumables used		53,965
Employee benefit related costs	49,950	2,998,980
Service Costs	81,163	1,346,803
Costs to enjoy third party assets		53,579
Sundry management costs	33,194	108,651
TOTAL PRODUCTION COSTS	164,307	4,561,978
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUE	48,720	413,841
Depreciation and devaluation		78,805
Financial charges and proceeds	401,450	94,481
PRE TAX RESULT	(352,730)	240,555
Income tax	5,000	203,517
PROFIT (LOSS) FOR THE YEAR	(357,730)	37,038

Exprivia Group Consolidated Balance Sheet

Consolidated asset and liability statement

	31/12/2007	31/12/2006
NON CURRENT ASSETS		
Buildings, Systems and machinery	8,469,368	7,929,273
Land and Buildings	6,495,106	6,705,319
Fixed assets in progress and advances	64,128	64,128
Other assets	1,910,134	1,159,826
Goodwill and undefined assets	60,538,955	26,713,346
Goodwill	28,164,666	22,825,587
Consolidation difference	32,374,289	3,887,759
Other Intangible Assets	2,129,426	2,540,636
Intangible assets	132,876	76,025
Research and development costs	1,996,550	2,177,505
Fixed assets in progress and advances		287,106
Shareholdings	1,838,363	1,289,256
Shareholdings in subsidiaries		
Shareholding in affiliates	427,835	22,000
Shareholdings in other companies	1,410,528	1,267,256
Other Financial Assets	283,525	51,076
Receivables to subsidiaries	31,097	31,658
Receivables to others	246,112	13,333
Other securities	6,316	6,085
Deferred tax credits	1,083,394	954,565
Tax advances/deferred taxes	1,083,394	954,565
TOTAL NON CURRENT ASSETS	74,343,031	39,478,152

	31/12/2007	31/12/2006
CURRENT ASSETS		
Commercial and other credits	50,443,102	34,581,506
Receivables to customers	40,768,526	27,307,800
Receivables to subsidiaries		
Receivables to parent companies	403,964	367,964
Receivables to affiliates	108,901	
Receivables to affiliated companies	248,411	248,411
Receivables to others	7,639,342	5,831,676
Tax credits	670,210	350,774
Accrued earnings and deferred assets	603,748	474,881
Stock	284,504	433,661
Stock	284,504	433,661
Work in progress to order	879,121	81,339
Work in progress to order	879,121	81,339
Current Financial Assets		
Other securities		
Liquid Assets	6,171,365	1,509,360
Bank credits	6,164,395	1,504,438
Cheques and cash in hand	6,970	4,922
Assets classified as held for sale and included in divested aggregates	87,647	
Shareholdings in subsidiary companies	87,647	
TOTAL CURRENT ASSETS	57,865,739	36,605,866
TOTAL ASSETS	132,208,770	76,084,018

	31/12/2007	31/12/2006
NET WORTH		
Company Capital	21,801,519	17,642,488
Company Capital	21,801,519	17,642,488
Own Shares		(53,557)
Own shares		(53,557)
Surplus Reserve	12,215,082	1,999,113
Share surplus	12,215,082	1,999,113
Appreciation Reserve	2,672,905	3,033,230
Appreciation reserve	2,672,905	3,033,230
Other Reserves	7,076,021	7,512,875
Legal reserve	54,944	
Deposits future Capital increase Account	5,000,000	6,000,000
Extraordinary reserve		
Other Reserves	1,636,986	1,500,000
IAS transaction reserve	124,949	148,871
IAS reserve	378,051	
IAS tax effect	(118,909)	(135,996)
Fund to cover losses		
Previous years' results	(1,341,424)	(2,688,101)
Previous years' profits/Losses	(1,341,424)	(2,688,101)
Year's profit/loss	3,483,361	1,111,972
TOTAL NET WORTH	45,907,464	28,558,020
Minority holding	246,357	177,039
TOTAL GROUP NET WORTH	45,661,107	28,380,981

	31/12/2007	31/12/2006
NON CURRENT LIABILITIES		
Non current payables to banks	20,688,137	4,271,353
Non current payables to banks	20,688,137	4,271,353
Other Financial Liabilities	893,373	1,534,411
Payables to other financiers		
Tax and social security debts beyond year	893,373	1,534,411
Provisions for Risks and Charges	499,197	215,400
Other reserves	499,197	215,400
Staff Related Funds	7,405,069	4,356,504
Severance pay fund	92,961	
Employee retirement allowance	7,312,108	4,356,504
Deferred tax debts	594,990	211,789
Deferred tax funds	594,990	211,789
TOTAL NON CURRENT LIABILITIES	30,080,766	10,589,457

	31/12/2007	31/12/2006
CURRENT LIABILITIES		
Current payables to banks	19,440,062	13,990,725
Current payables to banks	19,440,062	13,990,725
Payables to Suppliers	11,003,817	6,741,559
Payables to suppliers	11,003,817	6,741,559
Advances on work in progress to order	65,159	36,680
Advances	65,159	36,680
Other Financial Liabilities	2,683,528	2,077,760
Payables to subsidiaries	87,963	992
Payables to affiliates	1,443	
Payables to parent companies	250,000	
Payables to affiliated companies	218,559	320,675
Payables to others	2,125,563	1,756,093
Tax Debts	5,218,326	3,184,913
Tax debts	5,218,326	3,184,913
Other Current Liabilities	17,809,648	10,904,904
Payables to welfare and social security institutes	3,506,556	2,618,272
Other payables	9,747,034	3,767,788
Accrued costs	339,434	304,928
Deferred earnings	4,216,624	4,213,916
Liabilities included in divested aggregates		
TOTAL CURRENT LIABILITIES	56,220,540	36,936,541
TOTAL LIABILITIES	132,208,770	76,084,018

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/2007(*)	31/12/2006
Revenue	61,685,222	44,216,610
Revenue from sales and services	61,685,222	44,216,610
Other proceeds	2,253,399	1,828,559
Other proceeds and revenue	1,061,937	795,888
Contributions to year's account	1,191,449	1,021,632
Surpluses	13	11,039
Variations in stock of finished products and products in progress	1,890,942	985,208
Var. in stock of products in progress, semi-finished products	17,437	(62,756)
Variation in work in progress to order	879,121	55,747
Increase in fixed assets for internal work	994,384	992,217
TOTAL PRODUCTION REVENUE	65,829,563	47,030,377
Raw materials and consumables used	3,287,266	2,712,493
Cost of raw, subsidiary materials and consumables and goods	3,287,266	2,712,493
Employee benefit related costs	36,756,620	27,755,561
Salary and wages	28,402,770	21,266,999
Social security contributions	6,921,751	5,034,625
Retirement allowance	1,036,001	1,096,179
Other staff costs	396,098	357,758
Other costs	15,687,299	11,009,844
Other service costs	12,502,357	9,218,079
Costs to enjoy third party assets	1,278,964	891,066
Sundry management costs	1,323,130	870,699
Stock and reserves	582,848	30,000
Extraordinary charges		
TOTAL PRODUCTION COSTS	55,731,185	41,477,898
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUE	10,098,378	5,552,479

	31/12/2007 (*)	31/12/2006
DEPRECIATION AND DEVALUATION	2,234,977	2,130,728
Ordinary depreciation of intangible fixed assets	1,308,865	1,241,587
Ordinary depreciation of tangible fixed assets	861,034	766,768
Credit devaluations included in circulating assets	65,078	122,373
FINANCIAL PROCEEDS AND CHARGES	1,464,515	1,066,338
Proceeds from shareholdings from subsidiary companies	(1,488,210)	
Proceeds other than those listed above	(236,033)	(105,765)
Interest and other financial charges	1,518,151	1,116,694
Charges from subsidiaries	29,341	
Profits and losses on exchanges	(94)	
Financial asset value adjustments		(55,352)
Depreciation of shareholdings	(1,641,360)	
Devaluation of securities		57
TOTAL COSTS	59,430,677	44,674,964
PRE-TAX RESULT	6,398,886	2,355,413
INCOME TAX	2,915,525	1,243,441
IRES	1,204,591	
IRAP	1,613,889	1,187,263
Previous years' taxes	106,236	
Deferred taxes	1,408,254	5,758
Tax advances	(1,417,445)	
OPERATING PROFIT OR LOSS	3,483,361	1,111,972
Attributable to:		
PARENT COMPANY SHAREHOLDERS	3,409,272	1,092,650
MINORITY SHAREHOLDERS	74,089	19,322

(*) Data as at 31.12.2007 include Svimservice S,p,A, and Wel,Network S,p,A, for the period 01/08/2007-31/12/2007.

Consolidated Financial Statement

	31.12.2007	31.12.2006
Income management operations:		
-Profit (loss)	3,483,361	1,111,972
- Depreciation and devaluation of fixed assets	2,169,899	2,008,355
-R.A. reserve	1,036,001	1,096,179
-R.A. Advances/Payments	2,012,564	(701,252)
Financial asset value adjustments		
Cash flow resulting from income management	8,701,825	3,515,254
Increases/Reductions in circulating assets and liabilities:		
-Variation in stock and advances	(648,625)	1,234,300
- Variation in receivables to customers	(13,460,726)	(2,085,814)
- Variation in receivables to parent companies/subsidiaries/affiliates	(144,901)	(26,322)
- Variation in receivables to others	(2,214,749)	(1,753,119)
- Variation in payables to suppliers	4,262,258	(3,377,998)
- Variation in payables to parent companies/subsidiaries/affiliates	605,768	(292,787)
- Variation in tax and social security debts	2,280,659	(2,840,928)
- Variation in payables to others	6,007,725	754,545
- Variation in accrued earnings/deferred assets	(128,867)	(98,104)
- Variation in accrued expenses	37,214	1,446,306
- Variation in risk fund reserve	666,998	(826,947)
Cash flow resulting from(used by) circulating assets and liabilities	(2,737,246)	(7,866,868)
Cash flow resulting from (used by) current assets	5,964,579	(4,351,614)
Investments:		
- Variation in tangible fixed assets	(1,401,129)	(587,409)
- Variation in intangible fixed assets	(34,723,264)	(1,038,910)
- Variation in financial fixed assets	(910,385)	(133,746)
Cash flow resulting from (used by) investment activities	(37,034,778)	(1,760,065)
Financial assets:		
- Variation in other reserves	13,866,083	127,127
Cash flow resulting from (used by) financial assets	13,866,083	127,127
Increases (decreases) in cash	(17,204,116)	(5,984,552)
Banks and cash in credit at year start	1,509,360	1,973,471
Banks and cash in debit at year start	(18,262,078)	(12,741,637)
Banks and cash in credit at year end	6,171,365	1,509,360
Banks and cash in debit at year end	(40,128,199)	(18,262,078)

Increases (decreases) in cash in hand

(17,204,116) (5,984,552)

EXPLANATORY NOTE TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

DECLARATION OF CONFORMITY WITH INTERNATIONAL IFRS REPORTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 and Legislative Decree 38 of 28 February 2005, the Exprivia Group consolidated balance sheet as at 31 December 2007 and that of its parent company, Exprivia S.p.A., presented here, have been drawn up in accordance with the International Reporting Standards approved by the European Community (hereinafter referred to, individually, as IAS/IFRS or overall as IFRSs) described in Art. 81 of Issuer Regulations 11971, issued by CONSOB on 14/05/99, and subsequent amendments. In accordance with the provisions of IFRS standard No 1, we declare that all international IAS/IFRS reporting standards in force at the time were applied in drawing up the Exprivia Group consolidated balance sheet and that of the parent company Exprivia S.p.A.

CONSOLIDATION CRITERIA

In accordance with the provisions of IFRS 3 for inverse mergers (paragraph b7 and subsequent paragraphs), the consolidation area includes the Balance Sheet of Exprivia S.p.A. with those of all subsidiary and affiliated companies, without exception. Subsidiary companies means those in which the parent company has control. The existence of control is presumed when the parent company holds, either directly or indirectly, more than half of the effective rights to vote or those potentially exercisable in meetings on the statement date. Affiliated companies means those in which the company exercises a significant influence. This is presumed when 20% or more of the rights to vote or those potentially exercisable in meetings on the statement date are held. Subsidiary and affiliated companies are consolidated as from the date the Group gains control and deconsolidated as from the date it relinquishes control.

Acquisition of subsidiary and affiliated companies is entered according to the purchase method. The acquisition cost corresponds to the current value of those assets transferred, shares issued or liabilities taken on as at the acquisition date, plus any costs directly attributable. The excess cost in relation to the quota belonging to the group of the acquired company's net current assets is entered under Assets as Goodwill for subsidiary companies and included in the value of the shareholding for affiliated companies. Debit goodwill is entered in the Profit and Loss Account on the acquisition date.

The global integration method is applied when consolidating subsidiary companies, i.e., assuming the entire amount of assets and liabilities and all costs and revenue irrespective of the actual percentage of the shareholding. Therefore, the accounting value of consolidated shareholdings is replaced by the relative Net Worth. Operations, balances and profits and losses not achieved on infra-group transactions are annulled. Minority shareholder quotas of the Net Worth and results are highlighted in an appropriate Net Worth item and on a separate line of the Consolidated Profit and Loss Account. Once acquired, shareholdings in subsidiary companies are recorded according to the net worth method noting the share belonging to the Group in the result and reserve movements respectively in the Profit and Loss Account and Net Worth. The relative share of profits and losses not achieved on infra-group operations is annulled. If the Group's share of the losses of an affiliated company is the same as or more than the value of the shareholding, the Group does not acknowledge any further losses unless it has obligations to make them up or has made payments on behalf of the affiliate.

ASSESSMENT CRITERIA

Intangible fixed assets

Intangible Fixed Assets are noted at their acquisition or production cost. The acquisition cost is the price paid to purchase the asset and any direct cost sustained to prepare it for use. The acquisition cost is the equivalent cash price on the entry date therefore, if payment is deferred beyond the normal credit extension terms, the difference compared to the equivalent cash price is noted as interest throughout the extension period. As regards intangible fixed assets generated internally, the process to enter assets is distinguished between the research phase (not capitalised) and the one following development (capitalised). The entire project is considered as research if the two phases cannot be distinguished. Financial charges sustained for the acquisition are never capitalised.

Goodwill

Goodwill, resulting from acquisition or merger operations noted according to the purchase method in accordance with the provisions of IFRS standard 3, is not subject to depreciation but audits to identify any reductions in value ('impairment test') at least once a year. Therefore, goodwill is allocated, as from the acquisition date, or by the end of the year following this, to one or more independent Cash Generating Units. Any reductions in value that emerge from the Impairment test are not adjusted in subsequent periods.

Other intangible fixed assets

Other intangible fixed assets, including development costs, industrial patent rights and copyrights, concessions, licences, trademarks and similar rights and software, are valued at cost net of any depreciation accrued, determined according to the constant share criterion throughout their expected useful life, on average 3/5 years, except in specific cases, and possible losses in value. The depreciation criteria, useful lives and residual values used are reviewed and redefined at the end of each administrative period at least to consider any significant variations.

Tangible fixed assets

Tangible fixed assets are noted at their acquisition or production cost. The acquisition cost is the price paid to purchase the asset and any direct cost sustained to prepare it for use. The acquisition cost is the equivalent cash price on the entry date therefore, if payment is deferred beyond the normal credit extension terms, the difference compared to the equivalent cash price is noted as interest throughout the extension period. Financial charges sustained to acquire or produce the asset are never capitalised. Costs to extend, modernise or improve structural elements owned or used by third parties are capitalised solely within those limits in which they meet requirements to be classified separately as an asset or part of an asset.

Following initial entry, tangible fixed assets are entered at cost, net of any depreciation accrued and any losses in value. The depreciable value of each significant component of a tangible fixed asset, having a different useful life, is divided into constant shares throughout its expected useful life. Considering the homogeneity of assets included in individual balance sheet categories, it is thought that the useful lives per category of assets are as follows, except in specific cases:

Land	indefinite useful life
Industrial buildings	33 years
Systems and machinery	4-7 years
Office furniture and machines	5-8 years
Equipment and motor vehicles	4-7 years

The depreciation criteria, useful lives and residual values used are reviewed and redefined at least at the end of each administrative period to bear in mind any significant variations.

Costs sustained for improvements on third party assets, which may be capitalised, are attributed to those classes of assets they refer to and amortised for the shorter period between the residual duration of the rental contract and residual useful life of the asset the improvement relates to.

The accounting value of tangible fixed assets is maintained in the balance sheet if there is evidence it can be recovered through use. Impairment tests are carried out on those assets where recovery of the net value is doubtful so as to determine a possible loss in value (see following paragraph). The value is restored if the reasons for the said loss no longer exist.

Contributions

Contributions are noted, irrespective of whether there is a formal resolution or not, if it is reasonably certain the company will respect those conditions set out for them to be awarded and the contributions will be received.

A public contribution for expenses and costs already sustained or to provide immediate financial help without incurring any future costs is noted as proceeds in the year it becomes payable.

Asset value losses

A loss in value arises every time the accounting value of an asset is over its recoverable value. Indicators of a possible loss in value are verified on all balance sheet dates. If there are these indicators, the recoverable value of the asset (impairment test) is assessed and possible depreciation accounted for. As for assets not yet available for use, those noted in the year in progress and goodwill, impairment tests are carried out at least once a year independently of the presence of the said indicators.

The recoverable value of an asset is the greater value between its fair value net of sales costs and useful value. The recoverable value of individual assets is calculated, unless they are unable to generate incoming financial flows resulting from their continuous use independently of those of other assets or groups of assets, in which case the test is carried out on the smallest independent flow generating unit that includes the asset in question (Cash Generating Unit).

Financial assets and liabilities

Financial assets are classified in the following categories:

- ✓ *financial assets at their fair value with set off in the profit and loss account*: financial assets acquired mainly with the intention of gaining a profit from the short term fluctuations in price (period of under 3 months) or designated as such from origin;
- ✓ *financial assets held until their expiry date*: investments in fixed term financial assets with fixed or determinable payments the Group intends or is able to maintain until expiry;
- ✓ *loans and other financial loans*: financial assets with fixed or determinable payments, not listed on an active market and different from those classified from the origin as financial assets at their fair value with set off in the profit and loss account or financial assets available for transfer;
- ✓ *financial assets available for transfer*: financial assets other than those referred to above or designated as such from their origin.

The Group classifies financial assets on acquisition, initially entering them at their fair value, as at their acquisition date, and considering the transaction costs. Acquisition or transfer date means the settlement date.

Following initial entry, financial assets at their fair value with set off in the profit and loss account and assets available for transfer are valued at their fair value whereas financial assets held until their expiry date and loans and other financial loans are valued at the amortised cost.

Profits and losses resulting from variations in the fair value of financial assets at their fair value with set off in the profit and loss account are noted in the profit and loss account of the year in which they occur. Profits and losses not achieved as a result of variations in the fair value of assets classified as available for transfer are noted in the net worth.

The fair values of financial assets are determined according to list prices or using financial models. Fair values of non listed financial assets are estimated using the appropriate assessment techniques adapted to the issuer's specific situation. Financial assets for which the current value cannot be determined reliably are entered at cost reduced by losses in value.

The presence of value loss indicators is verified on all balance sheet dates. The relative devaluation is calculated according to the financial asset enhancement criterion and entered in the profit and loss account or net worth. The loss in value previously entered is eliminated if the circumstances that lead to its entry no longer exist, except in the case of assets valued at cost.

Financial liabilities are noted initially at the fair value of the sums collected, net of any transaction costs sustained, and subsequently valued at the depreciated cost.

Stock

Stocks are entered at the lower between the acquisition cost, determined according to the average weighted cost and net realisation value. The cost is represented by the fair value of the price paid and any other directly attributable cost except financial charges. The net realisation value is the estimated sales price net of completion costs and sales expenses. Any depreciation is eliminated during the following years if the reasons no longer exist.

Liquid assets

Liquid assets are very liquid short term investments (generally under 3 months) that are usually easy to convert into known amounts of money and subject to an insignificant risk. Changes in value are noted at their fair value.

For financial statement purposes, liquid assets consist of cash in hand, bank deposits, other very liquid short term assets of under 3 months and overdrawn current accounts. The latter are included in the financial debts of current liabilities.

Net worth

COMPANY CAPITAL

This item consists of the underwritten and paid up capital stock. Costs strictly related to the issue of shares are classified as a reduction in the net worth in other reserves provided that they are variable marginal costs directly attributable to the capital operation and unavoidable in any other way.

OWN SHARES

Own shares are entered in the appropriate net worth reserve. No profit (loss) is entered in the profit and loss account to purchase, sell, issue or cancel own shares.

FAIR VALUE RESERVE

This item contains variations in the pre-tax fair value of items entered at their fair value with set off in the net worth.

OTHER RESERVES

Items consist of specific capital reserves relating to the parent company.

PROFITS (LOSSES) CARRIED FORWARD

This item includes that part of the economic results of the year in progress and those of previous years, that are neither distributed nor set aside (in the case of profits) or made up (in the case of losses), transfers from other reserves once released from those ties they were subject to, as well as the effects of changes in the reporting standards and significant errors.

Employee benefits

SHORT-TERM BENEFITS

Short-term employee benefits are entered in the profit and loss account in the period in which the work activity is carried out.

DEFINED BENEFIT PLANS

The Group acknowledges its employees benefits as Retirement Allowance. The said benefits fall within the definition of defined benefit plans determined in their existence and amount but uncertain in their form. The relative liability is determined as current values of the service obligation defined on the balance sheet date, in accordance with the regulations in force, adjusted to consider the actuarial (profits) losses. The amount of the defined service obligation is calculated annually by an external actuary according to the 'Credit Unit Projection' method. Actuarial profits and losses are entered as a whole in the relative year without applying the so-called 'Corridor method'.

DEFINED CONTRIBUTION PLANS

The Group takes part in compulsory, contractual or voluntary, public or private defined contribution pension plans. Payment of contributions fulfils the Group's obligation in relation to its employees. Therefore, the said contributions constitute costs for the period in which they are due.

Provision for risks and charges, potential assets and liabilities

Provisions for risks and charges represent probable liabilities of uncertain amount/expiry resulting from past events whose fulfilment requires the use of economic resources. Provisions are only set aside for current, legal or implicit liabilities that require the use of economic resources, provided that a reliable estimate of the liability is possible. The amount noted as provision represents the best estimate of the expense necessary to fulfil the obligation as at the balance sheet date. Funds set aside are reviewed at every balance sheet date and adjusted so as to represent the best current estimate.

The amount set aside is represented by the current value of expected future payments to discharge the obligation if the financial outlay takes place outside the normal terms of payment and relative discounting has a significant effect.

Potential assets and liabilities of an improbable but possible or remote nature are not entered in the balance sheet; however, appropriate information is provided as regards the possible assets and liabilities.

Derivative instruments

Derivative contracts are noted at their fair value in the asset and liability statement. Variations in the fair value are recorded in different ways depending on the type of derivative instrument (speculative or cover) and nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

In the case of speculative contracts, variations in fair value are noted directly in the profit and loss account.

Fair Value Hedges are entered noting the variations in the fair value of the cover and instrument covered in the profit and loss account irrespective of the valuation criterion adopted for the latter. In particular, the accounting value of interest bearing covered financial instruments is amortised in the profit and loss account throughout the residual contractual life of the covered credit/debit using the actual interest method.

Cash Flow Hedges are entered suspending that portion of the variation in the fair value of the cover instrument acknowledged as effective cover in the net worth and noting the ineffective portion in the profit and loss account. The variations noted directly in the net worth are issued to the profit and loss account in the same year or years in which the covered asset or liability influences the profit and loss account.

Revenue and costs

Revenue resulting from the transfer of assets is noted, on transferring the risks that generally take place with shipment, at the fair value of the payment received or due considering any discounts.

Revenue resulting from services is determined according to the percentage of completion, defined as ratio between the amount of services carried out as at the reference date and total value of the foreseen services.

Costs are entered according to similar criteria to that adopted for revenue and however according to accrual.

Interest paid and earned is noted according to the accrual criterion, considering the residual capital liabilities and applicable interest rate during the period until the expiry date.

Dividends are entered within the year the distribution is deliberated.

Taxes

Operating taxes are determined according to the presumable burden to be discharged in observance of the tax regulations in force.

In addition, deferred and advanced taxes on temporary differences between the asset values entered in the balance sheet and corresponding values acknowledged for tax purposes and unused tax losses or credits carried forward are also recorded, provided that recovery (extinction) reduces (increases) future tax payments without the said fiscal effects. The fiscal effects of operations or other facts are noted in the profit and loss account or directly in the net worth, in the same way as those operations or facts that give rise to tax.

Currencies

Currency operations are converted into money at the exchange rate on the day of the said operation, profits and losses resulting from exchange operations and the conversion of monetary assets and liabilities are noted in the profit and loss account.

CONSOLIDATION AREA

Company	Area
Exprivia Solutions S.p.A.	Industry, Telecommunications & Media/ Public Administration, Transport and Utilities
Exprivia Projects S.p.A.	Industry, Telecommunications & Media/ Public Administration, Transport and Utilities
GST S.r.l.	Health and Medical
Svimservice S.p.A.	Health and Medical / Public Administration. Transport and Utilities
Al Faro S.r.l.	Public Administration. Transport and Utilities
Wel.Network S.p.A.	Industry, Telecommunications and Media

The consolidated balance sheet as at 31 December 2007 shows the financial and economic situation of Exprivia S.p.A. compared to that of 31 December 2006 after acquiring the shareholdings in Svimservice S.p.A., Al Faro S.r.l. and Wel.Network S.p.A. and excluding two companies. The said exclusion is to be attributed to the Board of Directors of Exprivia S.p.A. which decided to proceed with the sale or divestment of AISoftw@re Professional Services S.r.l. and Aemedia S.r.l. on 29 June 2007.

Contacts have been made for both companies to proceed with their sale as soon as possible. Therefore both companies have been excluded in accordance with the provisions of IFRS 5 – Activities intended for sale and ceased activities – and therefore were classified amongst the current assets under the item ‘shareholdings intended for sale’.

The following table shows those companies subject to consolidation:

The following table summarises the main data of the above-mentioned subsidiaries consolidated with the integral method.

Company	Registered office	Company Capital	Period result	Net Worth	Production value	Total assets	Shareholding %
Exprivia Solutions S.p.A.	Rome	170,795	(640,743)	177,445	4,485,167	5,799,015	100.00%
Exprivia Projects S.p.A.	Rome	242,000	102,083	262,386	5,142,800	2,718,228	100.00%
GST S.r.l.	Trento	26,000	208,746	694,111	2,542,454	2,849,505	64.51%
Svimservice S.p.A.	Bari	1,548,000	(*)1,509,900	6,230,910	(*)9,523,583	16,506,405	100.00%
Al Faro S.r.l.	Bari	52,000	(11,033)	21,716	2,000	44,826	100.00%
Wel.Network S.p.A.	Piacenza	1,500,000	(*)557,094	2,756,315	(*)5,532,523	8,648,534	100.00%

(*) It is specified that Svimservice S.p.A. and Wel.Network S.p.A. data includes only that of the last five months of 2007 (from 01/08/07 to 31/12/07) as already mentioned in ‘Significant group data’.

Farm Multimedia S.r.l., in liquidation, 100% controlled, is not included in the consolidation as being insignificant.

This consolidated balance sheet has been drawn up according to the statements by the company’s directors in accordance with the international IAS/IFRS reporting standards.

INFORMATION ON THE ASSET AND LIABILITY STATEMENT

The following details all asset and liability items making up the Asset and Liability Statement, drawn up in accordance with international reporting standards (IAS/IFRS). All figures indicated in the tables are expressed in Euro.

It is specified that 2007 data includes balances for the newly acquired companies (acquired in 2007), as already described in the 'Significant group data' paragraph of the Management Report, for comparison with that of the previous year.

NON CURRENT ASSETS

BUILDINGS, SYSTEMS AND MACHINERY

Net '**buildings, systems and machinery**' amount to Euro 8,469,368 compared to Euro 7,929,273 at 31 December 2006.

Categories	Historical cost as at 01/01/07	Increases for new consolidation area			Decrease	Historical cost as at 31/12/07	Depreciation fund as at 01/01/07	New consol. area deprec. fund.	Period Deprec.	Decrease	Cumulated Depreciat.	Net value as at 31/12/07
Land	247,716					247,716						247,716
Buildings	7,016,127					7,016,127	(558,524)		(210,212)		(768,736)	6,247,391
Others	4,880,831	6,586,069	433,999	(103,823)		11,797,077	(3,721,005)	(5,596,374)	(650,821)	81,257	(9,886,944)	1,910,133
Fixed assets in progress	64,128					64,128						64,128
TOTAL	12,208,802	6,586,069	433,999	(103,823)		19,125,048	(4,279,529)	(5,596,374)	(861,033)	81,257	(10,655,679)	8,469,368

The increase for the period, amounting to Euro 433,999, is mainly due to the purchase of electronic office machines (amounting to Euro 105,923), leased goods (amounting to Euro 261,679) and motor vehicles (amounting to Euro 15,288). It is specified that the variations of Euro 6,588,069 (increases in fixed assets) and Euro 5,596,374 (depreciation funds) relate to the newly acquired and consolidated companies Svimservice S.p.A., Al Faro and Wel.Network S.p.A.

GOODWILL AND OTHER UNDEFINED ASSETS

These amount to Euro 60,538,955 at 31 December 2007, compared to Euro 26,774,935 at 31 December 2006. This variation is to be attributed to the consolidation of the newly acquired companies as described in the 'Management Report'.

The movements are as follows:

Categories	Historical cost as at 01/01/07	Increases	Variation in consol. area	Decreases	IAS deconsol. adjustments	Historical cost as at 31/12/2007	Deprec. fund as at 01/01/07	Cum. Deprec.	Net value as at 31/12/2007
GOODWILL ABACO MERGER COSTS	461,168					461,168			461,168
GOODWILL TRANSFER AZ AIS PS BUSINESS	1,767,655					1,767,655			1,767,655
GOODWILL TRANSFER KTONES BUSINESS	517,714					517,714			517,714
ETA BETA MERGER DIFFERENCE	3,040,710					3,040,710			3,040,710
AIS MEDICAL MERGER DIFFERENCE	3,913,766					3,913,766			3,913,766
GOODWILL TRANSFER EX PROJECTS BUSINESS		600,000			(600,000)				
GOODWILL	15,060,475		3,571,424			18,631,899	(168,244)	(168,244)	18,463,653
GOODWILL RECO MERGER		64,058			(64,058)				
CONSOLIDATION DIFFERENCE	2,195,351	30,178,938				32,374,289			32,374,289
TOTAL	26,956,839	30,842,996	3,571,424		(664,058)	60,707,201	(168,244)	(168,244)	60,538,955

The **Consolidation difference** is the result of consolidating the subsidiaries included in the consolidation area, replacing the value of shareholdings with their net worth.

The following table shows the consolidation difference for each consolidated company.

Company	Purchase date	Share	Shareholding value	Reference net worth	Difference as a result of consolidation
Exprivia Projects S.p.A.	11/6/04	100.00%	1,741,391	406,891	1,334,500
Exprivia Customer Services S.r.l. (merged into Exprivia Projects on 21.12.09)	11/6/04	100.00%	10,329	(11,752)	22,081
Exprivia Solutions S.p.A.	14/4/05	100.00%	2,017,000	1,504,338	512,662
GST S.r.l.	14/4/05	64.51%	601,789	329,947	271,842
Reco Sistemi Sr (merged into GST on 19.09.07)	29/12/05	64.51%	77,500	23,234	54,266
Svimservice S.p.A.	30/11/07	100.00%	26,936,356	4,721,011	22,215,345
Wel.Network S.p.A.	30/11/07	100.00%	10,016,505	2,079,846	7,936,659
Al Faro S.r.l.	30/11/07	100.00%	51,646	24,714	26,932
TOTAL			41,452,516	9,078,229	32,374,289

Goodwill and consolidation differences entered proved recoverable as a result of the impairment test in accordance with the provisions of IAS standard 36.

OTHER INTANGIBLE ASSETS

Other intangible assets amounted to Euro 2,129,426, net of depreciation, at 31 December 2007 compared to Euro 2,540,636 at 31 December 2006. The item consists of the following:

Categories	Historical cost as at 01/01/07	Increases as at 31/12/2007	Consolid. area variation	Decrease	Total historical cost as at 31/12/2007	Depreciation fund as at 01/01/07	Transfer	Period deprec.	Cumulated deprec. as at 31/12/07	Net value as at 31/12/07
Intangible fixed assets	3,592,282	16,664	11,390		3,620,336	(3,516,258)		(52,878)	(3,569,136)	51,199
Development costs	20,780,450	1,064,487	280,757		22,125,694	(18,602,946)	(188,536)	(1,255,987)	(20,047,469)	2,078,225
Fixed assets in progress and advances	287,106			(287,106)	0				0	0
TOTAL	24,659,838	1,081,151	292,147	(287,106)	25,746,030	(22,119,204)	(188,536)	(1,308,864)	(23,616,604)	2,129,426

The most significant increase, of Euro 1,064,487, regards investments to **develop** software applications to propose to the market for licensed use.

The **Fixed assets in progress and advances** item was reduced to zero as Exprivia Solutions S.p.A., having received approval from the Ministry of Universities and Research to receive financial facilities for the FAR ICT research project on 19/09/2007 thus deferring admissibility of those costs sustained until 01/07/2005, recalculated the costs of the said project, determining its contribution, entered amongst the 'sundry receivables' of the liquid assets.

SHAREHOLDINGS

Shareholdings, as at 31 December 2007 amount to Euro 1,838,363 increasing by Euro 549,107 compared to 31 December 2006.

Shareholdings consist of the following.

SHAREHOLDINGS IN SUBSIDIARIES

The Group holds 100% of Farm Multimedia S.r.l., in liquidation, whose accounting value is zero.

SHAREHOLDINGS IN AFFILIATES

The balance, at 31 December 2007, amounts to Euro 427,835, of which Euro 114,500 refer to the shareholding in ClinicHall (40%), Euro 300,000 PerVoice (30%) and Euro 13,335 (26.67%) S2B consortium.

Further, the Group holds a 32.8% share in Mindmotion S.r.l. bankrupt, whose accounting value is zero.

SHAREHOLDINGS IN OTHER COMPANIES

The following table lists the Group's shareholdings in other companies.

Description	31/12/2007	31/12/2006	Variations
Mo.ma	6,197	6,197	
Ultimo Miglio Sanitario	2,500	2,500	
Certia	516	516	
Conai	9	9	
Finapi	775	775	
Cered Software	104	104	
Società Consortile Piano del Cavaliere	516	516	
Pugliatech Consortium	2,000	2,000	
Iqs New S.r.l.	1,291	1,291	
Conca Barese Consortium	2,000	2,000	
Advanced Computer Systems	1,235,816	1,235,816	
Biogene Consortium	3,000	3,000	
SELP	100,000		100,000
Ser&Practices S.r.l.	24,000	12,000	12,000
Cattolica Popolare scarl	23,491		23,491
Banca di Credito Cooperativo	2,116		2,116
Campus Virtuale Consortium	5,165		5,165
CLIO COM Consortium	500		500
Centro di Competenza ICT	532	532	
TOTAL	1,410,528	1,267,256	143,272

OTHER FINANCIAL ASSETS

RECEIVABLES TO SUBSIDIARY COMPANIES

The balance, as at 31 December 2007, amounts to Euro 31,097 and refers to credits with Farm Multimedia S.r.l., in liquidation, not consolidated as being insignificant.

RECEIVABLES TO OTHERS

The balance, as at 31 December 2007, amounts to Euro 246,112 compared to Euro 13,333 at 31 December 2006

Description	31/12/2007	31/12/2006	Variations
Call and put agreement credits	13,333	13,333	0
Long term deposits	181,133		181,133
Financial loans	51,646		51,646
Total	246,112	13,333	232,779

The sum of Euro 13,333, **call and put agreement credits**, relates to the commitment of Exprivia S.p.A. to purchase a GST partner's shares by 2010, made on 29 December 2006.

Euro 51,646 relate to receivables to associations.

OTHER SECURITIES

The balance of Euro 6,316 consists of the following.

Description	31/12/2007	31/12/2006	Variations
Centrobanca bonds	4,896	4,665	231
Brainspark shares	1,420	1,420	0
	6,316	6,085	231

DEFERRED TAX CREDITS

The balance, as at 31 December 2007 amounts to Euro 1,083,394, Euro 952,256 relating to provisions made for previous tax losses and Euro 131,138 temporary variations as a result of the IAS.

CURRENT ASSETS

COMMERCIAL CREDITS AND OTHERS

RECEIVABLES TO CUSTOMERS

Receivables to customers, net of the provision for bad and doubtful debts, amount to Euro 40,768,526, increasing by Euro 13,460,726 on those of 31 December 2006, mainly as a result of the two newly acquired companies.

The following table details balance sheet items compared with those as at 31 December 2006.

Description	31/12/2007	31/12/2006	Variations
To Italian customers	40,398,222	27,894,959	12,503,263
To foreign customers	1,801,822	1,135,949	665,873
To public bodies	2,008,354	1,146,225	862,129
Subtotal receivables to customers	44,208,398	30,177,133	14,031,265
Minus: provision for bad and doubtful debts	(3,439,873)	(2,869,333)	(570,540)
Total receivables to customers	40,768,526	27,307,800	13,460,726

Receivables to customers consist of the following.

Details	31/12/2007	31/12/2006	Variations
To third parties	37,889,260	23,475,463	14,413,797
Invoices to be issued to third parties	6,319,138	6,701,670	(382,532)
TOTAL	44,208,398	30,177,133	14,031,265

Provision for bad and doubtful debts amounts to Euro 3,439,873 as at 31 December 2007.

RECEIVABLES TO PARENT COMPANIES

The balance amounts to Euro 403,964 compared to the Euro 367,964 as at 31 December 2006 and relates to the parent company's credit with Abaco Innovazione S.p.A..

RECEIVABLES TO AFFILIATES

The balance on 31 December 2007 relates to a commercial credit with the affiliate S2B ScrI.

RECEIVABLES TO AFFILIATED COMPANIES

The balance amounts to Euro 248,411 remaining the same as that of the previous year.

The movements are as follows.

Description	31/12/2007	31/12/2006
Impression S.r.l. in liquidation	80,486	80,486
Geosim	85,066	85,066
Mindmotion S.r.l. in bankruptcy	219,150	219,150
San Vincente Group	12,820	12,820
Impression provision for bad and doubtful debts	(80,486)	(80,486)
Mindmotion provision for bad and doubtful debts	(55,805)	(55,805)
San Vincente provision for bad and doubtful debts	(12,820)	(12,820)
	248,411	248,411

It is specified that Euro 46,067 of the credit with Geosim is covered by a personal guarantee of the chairman of Exprivia S.p.A.

RECEIVABLES TO OTHERS

The balance, as at 31 December 2007, amounts to Euro 7,639,342 compared to Euro 5,831,676 at 31 December 2006.

The movements are as follows.

Description	31/12/2007	31/12/2006	Variations
EEC contributions/Independent Province of Trento/Lazio Region	591.765	99.522	492.243
Receivables to consortiums	930	930	
Credit territorial agreement for contributions deliberated	18.231	18.231	
Credits CNOS project	1.393.214	1.393.214	
Credits POR Puglia – Pugliatech	1.209.363	1.145.000	64.363
Credits POR Puglia – Training	31.050		31.050
Credit PIA Innovazione	2.085.379	1.747.890	337.489
Credit L. 488/92 for contributions deliberated	684.508	684.508	
Credit L. 598/94	317.745	317.745	
Receivables to partners for shareholdings and/or division	412.062	20.109	391.953
Supplier advances for services	166.399	42.883	123.516
Sundry receivables	9.982	10.595	(613)
Credits for factoring	488.048	236.998	251.050
Receivables to social security institutes/INAIL	91.625	895	90.730
Receivables to employees	56.601	29.091	27.510
Deposits	82.440	84.065	(1.625)
TOTAL	7,639,342	5,831,676	1,807,666

The most significant increases (Euro 925,145) are due to research project related contributions entered as set out in the respective resolutions.

The variation in the 'receivables to partners for shareholdings and/or divisions', amounting to Euro 391,953, refers to the credit Svimservice S.p.A. has with Aplomb S.r.l., beneficiary of the property business transferred following division.

TAX CREDITS

Tax credits, as at 31 December 2007, amount to Euro 670,210, compared to Euro 350,774 at 31 December 2006 and consist of the following.

Description	31/12/2007	31/12/2006	Variations
Credit for tax advance- IRES	251,325	33,574	217,751
Credit for tax advance - IRAP	75,174	32,812	42,362
Inland revenue deduction account interest earned	1,609	393	1,216
Inland revenue deductions on foreign payments	16,270	16,270	0
Credits with inland revenue for VAT	124,111	31,787	92,324
Credits on R.A. lieu tax	16,144	19,563	(3,419)
Credits with Inland revenue	26,547	22,005	4,542
Tax credits art. 8	159,030	194,370	(35,340)
TOTAL	670,210	350,774	319,436

ACCRUED EARNINGS AND DEFERRED ASSETS

These amount to Euro 603,748 and include accrued earnings amounting to Euro 278 and deferred assets amounting to Euro 603,470. The following table lists the relative items compared with those of 31 December 2006.

Accrued earnings

Description	31/12/2007	31/12/2006	Variations
Interest on INPS instalments	286,531	318,772	(32,241)
Car rental	5,729	5,120	609
Insurances	2,117		2,117
Sundry services and maintenance	309,093	150,711	158,382
TOTAL	603,470	474,603	128,867

STOCK

This amounts to Euro 284,504 and refers to software and hardware products purchased by companies of the Group for resale.

WORK IN PROGRESS TO ORDER

The balance, as at 31 December 2007 amounts to Euro 879,121 and refers to the value of orders in progress valued according to contract payments matured.

LIQUID ASSETS

As at 31 December 2007, the balance amounts to Euro 6.171,365, of which Euro 6,164,395 relate to bank credits and Euro 6,970 cheques and cash in hand.

ASSETS CLASSIFIED AS HELD FOR SALE AND ASSETS INCLUDED IN DIVESTED AGGREGATES

The balance, at 31 December 2007, amounts to Euro 87,647, of which Euro 30,532 refer to the value of the shareholding in Aemdia S.r.l. and Euro 57,115 the value of the shareholding in AISoftw@re Professional Services S.r.l.. Both have been excluded from consolidation as already described in the 'Consolidation Area' paragraph.

NET WORTH										
Operations	Company Capital	Own shares	Share surplus reserve	Other reserves	Revaluat. reserve	Profits (Losses) carried forward	Period profit (loss)	Total Net worth	Minority shareholding	Total Group Net Worth
Balance as at 1/1/04	1,000,000			1,246,778			1,032,782	3,279,560		3,279,560
Changes in accounting criteria				124,486	331,888			453,374		453,374
Perimeter adjustments				(1,053,717)			(1,032,782)	(2,086,499)	19,259	(2,105,758)
Adjusted balances	1,000,000			314,547	331,888			1,646,435	19,259	1,627,176
2004 operating result							865,432	865,432	(24,674)	890,106
Balance as at 31/12/04	1,000,000			314,547	331,888		865,432	2,511,867	(5,415)	2,517,282
Property revaluation					2,701,342			2,701,342		2,701,342
Deposit future capital increase account				6,000,000				6,000,000		6,000,000
Perimeter adjustments				1,192,132		(121,546)	(865,432)	205,154		205,154
Capital increase	16,642,488		1,999,113					18,641,601	118,354	18,523,247
Result as at 31/12/05							(2,684,461)	(2,684,461)	29,199	(2,713,660)
Balance as at 31/12/2005	17,642,488		1,999,113	7,506,679	3,033,230	(121,546)	(2,684,461)	27,375,503	142,138	27,233,365
Disposition of result :						(2,684,461)	2,684,461			
Purchase own shares		(53,557)						(53,557)		(53,557)
Stock option plan				6,196				6,196		6,196
Perimeter adjustments						117,906		117,906		117,906
Result as at 31/12/2006							1,111,972	1,111,972	34,901	1,077,071
Balance as at 31/12/2006	17,642,488	(53,557)	1,999,113	7,512,875	3,033,230	(2,688,101)	1,111,972	28,558,020	177,039	28,380,981
Sale own shares		53,557						53,557		53,557
Stock option plan				121,275				121,275		121,275
Disposition of result :				54,944		1,057,028	(1,111,972)			
Changes in Consolidation perimeter						159,240		159,240		159,240
Purchase own shares		(99,597)						(99,597)		
Capital increase as a result of WelNetwork acquisition	560,828		1,814,172					2,375,000		
Capital increase as a result of Svimservice acquisition	1,452,988		4,547,012					6,000,000		
Drawdown future capital increase account reserve Abaco Innovazione S.p.A.	2,145,215		3,854,785	(6,000,000)						
Sale own shares		99,597						99,597		
Reserve made available as a result of IAS adjustments				360,325	(360,325)	130,409		130,409		
Deposits future capital increase account reserve Abaco Innovazione S.p.A.				5,000,000				5,000,000		
Capital increase costs				(129,516)				(129,516)		
IAS fiscal effect				17,087				17,087		
Stock Option				139,031				139,031		
Result as at 31/12/2007							3,483,361	3,483,361	69,319	3,414,042
Balance as at 31/12/2007	21,801,519		12,215,082	7,076,021	2,672,905	(1,341,424)	3,483,361	45,907,464	246,358	45,661,107

COMPANY CAPITAL

The company capital, entirely paid up, amounts to Euro 2,1801,518,96 and consists of 41,925,998 ordinary shares of the nominal value of Euro 0.52 each. The capital has increased by Euro 4,159,030.72 on the previous year as a result of the increases in capital to acquire Svimservice S.p.A. (Euro 1,452,987.64) and Wel.Network S.p.A. (Euro 560,828.32) and the Abaco Innovazione subscription using the 'future capital increase account reserve' (equal to Euro 2,145,214.76).

OWN SHARES

The balance amounts to zero owing to the sale of own shares.

SHARE SURPLUS RESERVE

This amounts to Euro 12,215,082 as at 31 December 2007, increasing by Euro 10,215,969 as a result of the acquisitions and using the 'future capital increase account reserve' as described in the 'Company Capital' item.

In particular, Euro 4,547,012 relate to the reserved increase to acquire Svimservice S.p.A., Euro 1,814,171, the reserved increase to acquire Wel.Network S.p.A. and Euro 3,854,786 underwritten by Abaco Innovazione S.p.A..

REVALUATION RESERVE

This amounts to Euro 2,672,905 as at 31 December 2007, falling by Euro 360,325 compared to 31 December 2006. The Euro 360,325 variation was reclassified as 'IFRS transaction reserve available' and relates to the corresponding depreciation on property revaluation as at 31 December 2007

OTHER RESERVES

The balance as at 31 December 2007 amounts to Euro 7,076,021 and consists of the following:

- 'legal reserve' amounting to Euro 54,944 corresponding to 5% of the previous year's result as deliberated by the shareholders' meeting of 27 April 2007;
- 'future capital increase account reserve' amounting to Euro 5,000,000 relating to the deposit made by Abaco Innovazione on 28 November 2007. It is specified that the 2006 reserve (amounting to Euro 6,000,000) was used in its entirety as already described in the 'Company Capital and Share Surplus Reserve' items;
- 'extraordinary reserve' amounting to Euro 82,000;
- 'other reserves' amounting to Euro 1,418,000 relating to contributions received;
- 'stock option reserve' amounting to Euro 266,502, set up to exercise those option rights resulting from implementation of the stock option plan described in the **'Year's Significant Events – Stock Option Plan'** paragraph of the **Management Report**;
- Euro -129,516 relating to capital increase related consultancy costs;
- 'IAS/IFRS transition reserve' amounting to Euro 124,949 resulting from changes made following the adoption of the IFRS standards, varying by Euro 12,726 on 31 December 2006 as a result of reclassifying said amount amongst the IAS/IFRS reserves available.
- 'IAS /IFRS transition reserve available', amounting to Euro 378,051, relating mainly to the revaluation and IAS/IFRS transition reserves available as a result of the depreciation accrued as at 31 December 2007;

- Euro -118,909 'IAS/IFRS fiscal effect reserve' representing the fiscal effect calculated on the variations made following the adoption of the IFRS reporting standards varying by Euro 17,087 as a result of being reclassified as 'IFRS transition reserves available'.

PREVIOUS YEARS' RESULTS

The loss, at 31 December 2007, is of Euro 1,341,424.

LINK BETWEEN THE PARENT COMPANY'S BALANCE SHEET AND THE CONSOLIDATED BALANCE SHEET

DESCRIPTION	Result as at 31/12/2006	Others	Net Worth as at 31/12/2006	Period result as at 31/12/2007	Others	Net Worth as at 31/12/2007
Exprivia S.p.A.	1,098,875	(47,361)	27,364,275	2,078,328	13,576,432	43,019,034
Contribution of subsidiaries	(76,903)		236,493	1,725,033		1,961,526
Devaluations and coverage of subsidiaries' losses	90,000		2,607,000	400,000		3,007,000
Exprivia Projects business transfer surplus eliminated				(600,000)		(600,000)
Intercompany license purchases eliminated				(120,000)		(120,000)
AIS Professional business transfer surplus eliminated			(1,767,655)			(1,767,655)
Variation in consolidation perimeter			117,907		289,652	407,559
Contribution third party net worth		(34,901)	(177,039)		(69,318)	(246,357)
TOTAL GROUP NET WORTH	1,111,972	(82,262)	28,380,981	3,483,361	13,796,766	45,661,107

NON CURRENT LIABILITIES

Non current payables to banks

The balance, as at 31 December 2007, amounts to Euro 20,688,137 compared to the Euro 4,271,353 of 31 December 2006 and relates to medium term finance and mortgages with major banks. The year's variation mainly relates to the finance requested for the aforementioned acquisitions (Euro 15,000,000).

Other financial liabilities

The balance, as at 31 December 2007, amounts to Euro 893,373 compared to the Euro 1,534,411 of 31 December 2006 and relates to the previous year's INPS debts being paid in instalments. The Euro 641,038 decrease is the result of reclassifying medium and long-term debts as short term debts.

Provision for risks and charges

The balance, as at 31 December 2007, amounts to Euro 499,197 compared to the Euro 215,400 of 31 December 2006; the movements are as follows:

Description	31/12/2007	31/12/2006	Variations
Fund for company restructure		135.400	(135.400)
Fund to cover losses	50,000	50,000	
Fund for stock related risks	100,000		100,000
Fund for staff related risks	10,000		
Fund for contribution related risks	110,000		100,000
Fund for tax bill related risks	229,197	30,000	219,197
TOTAL	499,197	215,400	283,797

The Euro 50,000 provision relates to the fund to cover losses created by Exprivia Solutions S.p.A. in relation to its subsidiary Farm S.r.l. in liquidation.

The Euro 10,000 provision relates to the fund set up by Wel.Network in relation to an ex-employee with whom it has a dispute.

The Euro 110,000 provision relates to possible non-recognition of Law 488/92 related facilities that are currently being verified; this sum corresponds to the contribution due on the same investment programme as at 31 December 2007.

The Euro 229,197 tax bill related provision consists of:

- ✓ a tax credit of Euro 190,000 for 2000 not acknowledged by Abaco Innovazione; the said bill was reflected in Exprivia S.p.A. for those liabilities resulting from Abaco Innovazione S.p.A.'s contribution of the company unit to Abaco Information Services S.r.l. and subsequently merged into the company;
- ✓ a tax bill of Euro 15,875 issued to Exprivia S.p.A. for taxes in previous years on refuse that are in the process of being verified with the issuing body;
- ✓ Euro 23,322 relating to Wel.Network S.p.A. to whom the Piacenza Revenue Agency issued a 2004 inspection report on 7 December 2007. The said report notifies the company of presumed breaches of the VAT regulations, undeclared surpluses, unrelated representation costs and software capitalisations. The company drew up an exhaustive response submitted on 25 October 2007 enclosed with the Revenue Agency's report. The document contests the findings providing a suitable explanation for all the operations carried out. An opinion was sought from the professionals delegated to assist the company in relation to the Revenue Agency in order to draw up the balance sheet as at 31 December 2007 correctly; it was suggested that a prudential provision of Euro 23,000 be made to cover possible disputes. However, the company sent the Piacenza Revenue Agency a letter on 4 February 2008 with further comments on the report and requesting the findings be further reviewed.

With reference to AISoftw@re Professional Services S.r.l., excluded from the consolidation area as already mentioned in the 'Consolidation Area' item of this supplementary note, the following disputes are noted:

- ✓ Abruzzo Finance: an appeal has been made to the State Council against the sentence of the TAR (Regional Administrative Tribunal) of June 2007 rejecting the petition to annul the management order of the Abruzzo Regional council of May 2000 revoking POP contributions;
- ✓ The recovery of the ten year exemption 1991-2000 for IRPEG ILOR taxes. Following the Aquila Provincial Tax Commission sentence of 7 June 2007 rejecting the appeal against the Revenue Agency of Avezzano for registering ILOR and IRPEG for 1991-2000, with the support of the 'Parere pro veritate'

expressed by a major legal company of Rome, we are proceeding to draw up an appeal to the Abruzzo Regional Tax Commission;

- ✓ Recovery tax credit law 388/2000: the Aquila Provincial Tax Commission accepted the petition presented by the company and found the Avezzano Revenue Agency's attempt to recover taxes unlawful with the sentence deposited on 7 June 2007;
- ✓ Recovery CFL facilities resulting from European Commission sentence: in May 2007 a petition was submitted to the Court of Avezzano Employment Division opposing the tax bill issued by Gerit to recover taxes on behalf of the INPS of Avezzano; the petition to suspend enforcement was granted and the first hearing on this has been postponed to 7 October 2008;
- ✓ Recovery facilities law 407 for 2002-2005: an appeal in accordance with Art. 23 of Law 88/89 was lodged against report 538 of 28.09.07, notified on 30.10.07, on 26 November 2007;
- ✓ Recovery tax credit with Labornet Sistemi (company merged with AIS Professional): the petition to the Aquila Provincial Tax Commission against the Rome 1 Revenue Agency has been rejected; an appeal to the Rome Provisional Tax Commission is being drawn up. The Euro 30,000 provision is being maintained.

It is noted that the Revenue Office – Tax Police of Bari notified Exprivia S.p.A. of an inspection report on 18 December 2007. This report contests undue depreciation rates on goodwill, contributions on financed research projects, contingent liabilities, restructuring costs and depreciation rates on shareholdings in 2002 and 2003. The company requested an assessment in accordance with Legislative Decree 218/97 on 12 February 2008. In addition, the company has appointed a tax office to assist it in its dealings with the Revenue Agency.

Exhaustive analysis of the Report has highlighted the company's presumed evasion is based on extremely vague and however contestable elements. However, with reference to the finding that the losses of subsidiary companies were incorrectly carried forward to the parent company, the company has collated the materials necessary to contest the finding at the tax office that dealt with the contested facts at the time. Further, it should be noted that all balance sheets and documents relating to the documentation that is the subject of the Report have been certified by the auditing company.

On the basis of those opinions sought from the professionals in question, it has been confirmed that even if the findings were found to be true, they would have no effect on the Balance Sheet as at 31 December 2007 as recovery of previous losses.

Staff related funds

END OF MANDATE PAYMENT

The balance amounts to Euro 92,961 and refers to amounts accrued relating to the managing director of Svimservice S.p.A.

EMPLOYEE RETIREMENT ALLOWANCE

The RA fund, calculated in accordance with the provisions of IAS 19, amounts to Euro 7,312,108 as at 31 December 2007 compared to Euro 4,356,504 at 31 December 2006. The variations for the period are as follows.

Description	31/12/2007	31/12/2006	Variations
Initial amount	4,356,504	3,961,577	394,927
Fund transfer as a result of merger	3,932,167		3,932,167
Year's drawdown	(2,012,564)	(701,252)	(1,311,312)
Year's provision	1,036,001	1,096,179	(60,178)
Year end total	7,312,108	4,356,504	2,955,604

It is specified that the variation in the 'drawdown' item is mainly attributable to the new regulations stating that retirement allowances accrued during the year be allocated to the pension fund and INPS as from 2007. It is specified that Euro 1,142,753 of the year's provision of Euro 1,036,001 is for service costs, Euro 239,710, interest costs and Euro 346,462 actuarial gains.

Deferred tax debts

The deferred tax fund amounts to Euro 594,990, compared to Euro 211,789 at 31 December 2006, and refers to provisions made on temporary variations resulting from the application of IFRS reporting standards.

Current liabilities

Payables to current banks

The balance, at 31 December 2007, amounts to Euro 19,440,062 compared to Euro 13,990,725 at 31 December 2006 and refers to Group borrowing with major banks. The most significant difference (Euro 4,500,000) is to be attributed to the short term finance requested to carry out the acquisitions mentioned above.

Payables to suppliers

The balance, at 31 December 2007, amounts to Euro 11,003,817 compared to Euro 6,741,559 at 31 December 2006.

Advances on work in progress to order

ADVANCES

The balance amounts to Euro 65,159 compared to the Euro 36,680 of 31 December 2006 and refers to advances to customers.

Other financial liabilities

PAYABLES TO SUBSIDIARIES

Euro 811 of the balance of Euro 87,963 refers to the debt the parent company has with its subsidiary Farm Multimedia S.r.l. in liquidation, not included in the consolidation area as insignificant and Euro 87,151 the

debt Exprivia Solutions S.p.A. has with its subsidiary AISoftw@re Professional Services S.r.l. not included in the consolidation area as already mentioned in the paragraph 'Consolidation Area'.

PAYABLES TO AFFILIATES

The balance amounts to Euro 1,443 and relates to debt with the consortium S2B.

PAYABLES TO PARENT COMPANIES

The balance, at 31 December 2007, amounts to Euro 250,000 and refers to the debt with Abaco Innovazione S.p.A. for services and guarantees rendered by the parent company as a result of the finance used to acquire Svmservice S.p.A. and Wel.Network S.p.A.

PAYABLES TO AFFILIATES

The balance amounts to Euro 218,559 compared to Euro 320,675 and mainly refers (Euro 164,898) to the debt the parent company, Exprivia S.p.A., has in relation to its affiliate Network Services S.r.l..

PAYABLES TO OTHERS

The balance amounts to Euro 2,125,563 compared to Euro 1,756,093 at 31 December 2006. Details are as follows:

Description	31/12/2007	31/12/2006	Variations
Derivative products	255,305	319,324	(64,019)
PIA Innovazione advance	1,314,445	1,341,445	(27,000)
PIA Formazione advance	27,000		27,000
L.. 598/94 advance	95,324	95,324	0
CNOS project advance	417,964		417,964
POR Puglia advance	15,525		15,525
TOTAL	2,125,563	1,756,093	369,470

The following summarises the features of financial derivatives and their Market to Market value as at 31.12.2007.

Bank	Contract date	Contract expiry date	Type of operation	Operation amount	Market to Market as at 31.12.2007
Unicredit	01/04/2005	05/04/2010	Protected IRS Variable	6,000,000	229,533
Banco di Napoli	19/01/2007	23/01/2012	IRS	2,000,000	25,772

Tax debts

The balance amounts to Euro 5,218,326. The following table lists the relative items compared with those at 31 December 2006:

Description	31/12/2007	31/12/2006	Variations
Payables to Inland Revenue for VAT	3,440,675	1,358,264	2,082,411
Payables to Inland Revenue for IRAP	355,266	245,369	109,897
Payables to Inland Revenue for IRES	5,000		5,000
Payables to Inland Revenue for IRPEF employees	1,056,042	817,159	238,883
Payables to Inland Revenue for IRPEF free lance workers	39,502	23,462	16,040
Payables to Inland Revenue for IRPEF collaborators	38,034	44,048	(6,014)
Payables to Inland Revenue	7,304	1,787	5,517
Payables to Inland Revenue for IRPEF RA	80,714	103,905	(23,191)
Payables to Inland Revenue for Regional and Municipal add.	11,548	22,186	(10,638)
Payables to Inland Revenue for refuse taxes	2,471	25,174	(22,703)
Payables to Inland Revenue for interest and sanctions	181,771	543,559	(361,788)
TOTAL	5,218,326	3,184,913	2,033,413

Other current liabilities

PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTES

The balance amounts to Euro 3,506,556; the following table lists the relative items compared with those at 31 December 2006:

Description	31/12/2007	31/12/2006	Variations
INPS contributions account	1,776,655	1,070,825	705,830
Payables to pension fund	183,385		183,385
INPS contribution instalment account	716,844	841,758	(124,914)
PREVINDAI-FASI-ALDAI-INPDAL-FASDAPI-PREVINDAPI	79,662	131,488	(51,826)
Contributions on holiday/summer- Christmas bonus accruals	389,776	330,750	59,026
INPS contributions on bonus accruals	124,935	107,500	17,435
INPS collaborator contributions account	83,868	74,403	9,465
Supplementary contribution fund	286	1,277	(991)
Payables to Regional disabled employment fund	10,698		10,698
Sanctions and interest	13,378		13,378
INAIL contributions account	127,070	60,271	66,799
TOTAL	3,506,556	2,618,272	888,284

OTHER PAYABLES

The balance amounts to Euro 9,747,034; the following table lists the relative items compared with those at 31 December 2006:

Description	31/12/2007	31/12/2006	Variations
Payables to employees/collaborators for expenses	46,067	123,632	(77,565)
Payables to employees for redundancy packages		115,489	(115,489)
Directors pay to be settled	81,446	159,736	(78,290)
Collaborators for fees accrued	936,648	290,036	646,612
Employees for fees accrued	3,196,443	1,295,573	1,900,870
Debts to purchase shareholdings	3,068,773	73,395	2,995,378
Holidays and festivities accrued/summer-Christmas bonuses	1,942,497	1,259,428	683,069
Payables to Associations	47,706	87,506	(39,800)
Factoring advances	138,339	58,230	80,109
Payables to partners for tenders	82,038		82,038
Sundry payables	207,076	304,763	(97,687)
TOTAL	9,747,034	3,767,788	5,979,246

ACCRUED COSTS

The balance amounts to Euro 339,434 compared to the Euro 304,928 of 31 December 2006; the movements are as follows:

Description	31/12/2007	31/12/2005	Variations
Bank interest and charges	156,647	181,683	(25,036)
Interest on PIA Innovazione fin.	5,801	3,733	2,068
Transactions with suppliers	0	37,768	(37,768)
Advances on employee overtime and recoverability	0	17,100	(17,100)
Sundry costs	18,242	19,487	(1,245)
Insurances	7,534	43,024	(35,490)
Sundry interest paid	151,211	2,133	149,079
TOTAL	339,434	304,928	34,506

DEFERRED EARNINGS

The balance amounts to Euro 4,216,624 compared to Euro 4,213,916 at 31 December 2006; the movements are as follows:

Description	31/12/2007	31/12/2006	Variations
Contributions Art. 8	567,271	600,308	(33,037)
Contributions L. 488/92	602,328	621,464	(19,137)
Contributions PIA Innovazione	413,423	459,720	(46,297)
Contributions FAR ICT	191,394		191,394
Contributions L. 598/94	3,238	7,277	(4,039)
Services and maintenance	517,421	217,385	300,036
Contributions PAT project	211,519	46,254	165,265
Contributions Spegea	27,118		27,118
Contributions Sesamo	44,495		44,495
Contributions Sister	22,223		22,223
Temporary IAS adjustment variations	21,424	21,424	0
Contributions CNOS training and research	851,398	1,188,285	(336,885)
Contributions Pugliatech consortium	743,374	1,051,799	(308,425)
TOTAL	4,216,624	4,213,916	2,708

INFORMATION ON PROFIT AND LOSS ACCOUNT

As already mentioned in the 'Significant Data' paragraph of the Management Report, 2007 data includes that of the newly acquired companies, Svimservice S.p.A. and Wel.Network S.p.A., as from 01.08.2007 (date on which control was obtained) for comparison with that of the previous year.

All figures shown in the following tables are expressed in Euro.

PRODUCTION REVENUE

REVENUE

Revenue from sales and services amounts to Euro 61,685,222 compared to Euro 44,216,610 at 31 December 2006. See paragraph 'Trend in Exprivia Group results' of the Group Management Report for details.

OTHER PROCEEDS

OTHER REVENUE AND PROCEEDS

The balance, at 31 December 2007, amounts to Euro 1.061.937; the following table lists the relative items compared with those at 31 December 2006.

Description	31/12/2007	31/12/2006	Variations
Contingent assets	595,253	719,227	(123,974)
Penalties on customers/compensation for damages	17,156		17,156
Rents paid	25,076		25,076
Revenue from affiliates			
Traveling and transfer costs to be charged to customers	49,319		49,319
Other revenue	39,081	24,581	14,500
Compensation in lieu of prior notice	40,069	36,634	3,435
Costs to partners for tenders	260,377		260,377
Proceeds from assigning cars to employees	21,769	15,446	6,323
Proceeds from detached staff			
Asset surpluses	13,837		13,837
TOTAL	1,061,937	795,888	266,049

CONTRIBUTIONS IN OPERATING ACCOUNT

The balance, at 31 December 2007, amounts to Euro 1.191.449 compared to Euro 1,021,632 for the same period of the previous year, and refers to period contributions on projects carried out by Exprivia S.p.A.,

amounting to Euro 832,857, GST S.r.l., amounting to Euro 83.851, Exprivia Solutions S.p.A., amounting to Euro 226.106 and Svimservice amounting to Euro 48.905

SURPLUSES

The balance of Euro 13 refers to the transfer of goods already amortised.

STOCK VARIATIONS

VARIATIONS IN STOCK OF PRODUCTS IN PROGRESS, SEMI-FINISHED AND FINISHED PRODUCTS

The balance amounts to Euro 17,437 and relates to variations in finished products in the medical sector.

VARIATIONS IN WORK IN PROGRESS TO ORDER

The balance, at 31 December 2007, amounts to Euro 879,121 and is mainly due to orders in the financial solutions sector and industry, telecommunications and media sector.

INCREASES IN FIXED ASSETS AS A RESULT OF INTERNAL WORK

The balance at 31 December 2007, recorded in long term project capitalisations, amounts to Euro 994,384 compared to Euro 992,217 at 31 December 2006 and refers to costs sustained during the year to develop projects in the banking (380,034) and medical (614.350) sectors.

PRODUCTION COSTS

RAW AND SUBSIDIARY MATERIALS, CONSUMABLES AND GOODS

The balance, at 31 December 2007, amounts to Euro 3,287,266 compared to Euro 2,712,493 at 31 December 2006. The following table lists the relative items.

Description	31/12/2007	31/12/2006	Variations
Purchase hw-sw products	2,549,114	2,179,108	370,006
Purchase hw-sw maintenance	446,887	376,274	70,613
Purchase system equipment	67,406	34,872	32,534
Sundry stationary and consumable	65,924	55,353	10,571
Fuel and lubricants	75,454	59,733	15,721
Transport and rentals on purchases	12,741		12,741
Purchase sundry goods	69,740	7,153	62,587
TOTAL	3,287,266	2,712,493	574,773

STAFF COSTS

These amount to Euro 36,756,620, at 31 December 2007, of which Euro 28,402,770 for salaries, Euro 6,921,751 social security contributions, Euro 1,036,00 retirement allowance and Euro 396,098 other costs.

The number of group resources at 31 December 2007 is 1,179 units, of which 999 employees and 180 collaborators.

On 31 December 2007 the Group's average number of employees was 978 units.

The average number of employees of Exprivia S.p.A., at 31 December 2007, was 453 units.

OTHER COSTS

OTHER SERVICE COSTS

The consolidated balance, at 31 December 2007, amounts to Euro 12,502,357 compared to Euro 9,218,079 at 31.12.2006. The following table details the relative items:

Description	31/12/2007	31/12/2006	Variations
Technical and business consultants	5,007,622	2,905,437	2,102,185
Administrative/company/legal consultants	1,107,877	805,104	302,773
Consultancy to affiliates	1,613,717	2,317,781	(704,064)
Auditor pay	144,113	128,017	16,096
Travelling and transfer expenses	2,021,798	1,664,800	356,998
Other staff costs	207,184	127,436	79,748
Utilities	835,135	556,872	278,263
Advertising/Agency expenses	243,521	113,496	130,025
Insurances	200,449	158,784	41,665
Temporary staff costs	506,475	0	506,475
Other costs	614,467	440,352	174,115
TOTAL	12,502,357	9,218,079	3,284,278

COSTS TO ENJOY THIRD PARTY ASSETS

The consolidated balance, at 31 December 2007, amounts to Euro 1,278,964 compared to Euro 891,066 at 31 December 2006. The following table details the relative items:

Description	31/12/2007	31/12/2006	Variations
Rents paid	925,500	605,005	320,495
Car rental/leasing	313,258	263,614	49,644
Rental other assets	28,866	56	28,810
Licences	11,340	6,422	4,918
Leasing instalments	0	15,969	(15,969)
TOTAL	1,278,964	891,066	387,898

SUNDRY MANAGEMENT CHARGES

The consolidated balance, at 31 December 2007, amounts to Euro 1,323,130 compared to Euro 870,699 at 31 December 2006. The following table details the relative items.

Description	31/12/2007	31/12/2006	Variations
Association fees	52,262	63,672	(11,410)
Books and magazines	25,899	11,679	14,221
Taxes and duties	76,640	49,711	26,929
Revenue Stamps	12,227	11,582	645
Sanctions and fines	58,166	38,770	19,396
Contingent losses	438,185	470,903	(32,718)
Bank charges and commission	186,984	190,546	(3,562)
Losses on credits	400,000		400,000
Sundry expenses	32,744	22,645	10,099
TOTAL	1,323,130	870,699	452,431

STOCK AND PROVISIONS

The consolidated balance, at 31 December 2007, amounts to Euro 582,848 compared to Euro 30,000 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Provision for risks and charges	0	30,000	(30,000)
Provision for tax bills	213,322		
Provision for contributions	110,000		
Stock	259,526		259,526
TOTAL	582,848	30,000	229,526

As regards the provisions made during the year, see those already described in the 'Provisions for risks and charges' item of the supplementary note whilst Euro 259,526 relates to initial stock of Exprivia Solutions S.p.A. licences that can no longer be used.

DEPRECIATION AND DEVALUATIONS

At 31 December 2007 these amount to Euro 2,234,977 compared to Euro 2,130,728 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Depreciation of intangible fixed assets	1,308,865	1,241,587	67,278
Depreciation of fixed assets	861,034	766,768	94,266
Provision for bad and doubtful debts	65,078	122,373	(57,295)
TOTAL	2,234,977	2,130,728	104,249

FINANCIAL PROCEEDS AND CHARGES

PROCEEDS FROM SHAREHOLDINGS FROM SUBSIDIARIES

The balance, at 31 December 2007, amounts to Euro 1,488,210, and relates to the distribution of AlSoftw@re Professional Services S.r.l. reserves to Exprivia Solutions S.p.A..

SUNDRY FINANCIAL PROCEEDS

At 31 December 2007 these amount to Euro 236,033 compared to Euro 105,765 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Bank interest earned	23,167	1,532	21,635
Proceeds from financial derivatives	90,815		90,815
Own share surplus	108,468	92,224	16,244
Interest paid on securities	231	4,016	(3,785)
Other interest earned	10,753	7,993	2,760
Credit rounding	2,599		2,599
TOTAL	236,033	105,765	127,669

It is specified that 'proceeds from financial derivatives' relate to adjustments made to the market value of Exprivia S.p.A derivative products, as described in the 'other payables' item of financial liabilities.

INTEREST AND OTHER FINANCIAL CHARGES

At 31 December 2007 these amount to Euro 1,518,151 compared to Euro 1,116,694 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Bank interest paid	795,942	726,362	69,580
Interest on mortgages and finance	378,381	93,990	284,391
Other interest	212,508	296,342	(83,834)
Charges Financial and other products	131,231		131,231
Roundings	89		89
TOTAL	1,518,151	1,116,694	401,457

CHARGES FROM SUBSIDIARIES

The balance as at 31 December 2007 amounts to Euro 29,341 and relates to interest on financial debt the parent company had with AlSoftw@re Professional Services S.r.l. subsequently sold to Exprivia Solutions S.p.A...

PROFITS AND LOSSES ON EXCHANGES

Profits on exchanges amount to Euro 94 at 31 December 2007.

DEPRECIATION OF SHAREHOLDINGS

The balance amounts to Euro 1,641,360 and relates to depreciation of the AlSoftw@re Professional Services S.r.l. shareholding carried out by Exprivia Solutions S.p.A. to adjust it to its net worth.

INCOME TAX

The balance, at 31 December 2007, amounts to Euro 2,915,525 compared to Euro 1,243,441 at 31 December 2006. The following table lists the relative items.

Description	31/12/2007	31/12/2006	Variations
IRES	1,204,591		1,204,591
IRAP	1,613,889	1,187,263	426,626
Deferred taxes	1,408,254	5,758	1,402,496
Advanced taxes	(1,417,445)	50,420	(1,467,865)
Previous years' taxes	106,236		
TOTAL	2,915,525	1,243,441	1,565,848

OPERATING PROFIT (LOSS)

The Profit and Loss account closed with a net consolidated profit of Euro 3,483,361 as can be seen from the Asset and Liability Statement. Further information on the gross and net operating results of the various Business Areas can be found in the Management Report.

INFORMATION ON THE FINANCIAL STATEMENT

It is specified that the cash flow generated both from income management and circulating assets and liabilities is of Euro 6 million partly covering the Euro 19.5 million financing used to acquire Svimservice S.p.A. and Wel.Network S.p.A. Net of the above-mentioned operations ordinary management showed a Euro 2.3 million increase in the cash flow.

Certification of consolidated balance sheet in accordance with Art. 81-c of CONSOB Regulation 11971 of 14 May 1999 and subsequent amendments and supplements

We the undersigned, Domenico Favuzzi, Managing Director, and Pietro Sgobba, in charge of the accounts of Exprivia S.p.A., certify, in accordance with the provisions of art. 154-b, subsections 3 and 4, of Legislative Decree 58 of 24 February 1998, that the administrative and accounting procedures adopted in drawing up the consolidated balance sheet as at 31 December 2007:

- ✓ are appropriate to the features of the Group,
- ✓ have been effectively applied.

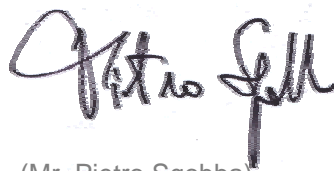
Further, it is certified that the consolidated balance sheet:

- a) corresponds to the company accounts and books;
- b) has been drawn up in accordance with the International Financial Reporting Standards adopted by the European Commission with regulation 1725/2003 and subsequent amendments and therefore provides a truthful representation of the company's financial and economic situation.

Molfetta 28 February 2008



(Mr. Domenico Favuzzi)
Managing Director



(Mr. Pietro Sgobba)
In charge of drawing up accounts

Board of Directors' Report on the Management of Exprivia S.p.A.

Exprivia S.p.A. not only coordinates the other companies of the Group but also plays a highly industrial role with research and development, customer service and commercial activities.

Said industrial activities are aimed at the same business areas, and therefore markets, covered by the Group as a whole.

Therefore, for the following areas of information, that have been discussed at a Group level, see previous Consolidated Balance Sheet Management Report:

- ✓ **The offer;**
- ✓ **Trend in the reference market;**
- ✓ **Management forecast**
- ✓ **Development prospects**

The Group Management Report also discusses the following areas when referring to Exprivia S.p.A.:

- ✓ **Significant events;**
- ✓ **Company Bodies;**
- ✓ **Staff;**
- ✓ **Property;**
- ✓ **Events following 31 December 2007**

SIGNIFICANT DATA

The following table summarises the main economic and financial data entered in the Balance Sheet.

Value in Euro	progressive data	
	31.12.2007	31.12.2006
Total production revenue	41,819,077	36,473,862
of which net revenue and variations in work in progress	39,704,117	34,040,084
of which increases in fixed assets for internal work	960,595	806,241
of which other revenue and contributions	1,154,364	1,627,537
Difference between production costs and revenue (EBITDA)	5,915,142	4,488,314
% of revenue	14.14%	12.31%
Net operating result (EBIT)	4,282,587	2,750,190
% of revenue	10.24%	7.54%
Net result	2,078,328	1,098,875
Net worth	43,019,036	27,364,275
Total assets	104,397,034	68,464,379
Company capital	21,801,519	17,642,488
Net circulating capital (1)	3,712,766	8,698,410
Cash flow (2)	3,525,711	3,147,529
Fixed capital (3)	75,630,036	37,753,845
Investments	38,923,333	2,409,096
Liquid assets/securities (a)	2,282,225	1,069,392
Short term financial debts (b)	(15,593,448)	(11,454,491)
Medium to long term debts (c)	(18,876,514)	(4,271,353)
Net financial position (4)	(32,187,737)	(14,656,452)

(1) - 'net circulating capital' is calculated as sum of the total current assets, minus liquid assets, minus total liabilities plus debts to current banks

(2) - Cash flow is calculated as sum of the net result adjusted by depreciation, RA fund variations and devaluations

(3) - 'fixed capital' is equal to total non-current assets

(4) - Net financial position = a - (b + c)

OWN SHARES

A company Ordinary Meeting was held at its registered office on **27 April 2007** deliberating to revoke the previous resolution to pay and dispose of unused own shares and issue a new authorisation, in accordance with Article 2357 of the Civil Code, to buy and dispose of company own shares. As at 31/12/2007 Exprivia S.p.A. does not hold any own shares.

EXPRIVIA SHARES HELD DIRECTLY BY MEMBERS OF THE BOARD OF DIRECTORS

As at 31/12/2007, 75,000 ordinary Exprivia shares are held by Francesco Gardin, the company's chairman.

Mrs. Roberta Gulden, Mr. Francesco Gardin's wife, holds 561 Exprivia S.p.A. ordinary shares.

Mr. Giorgio De Porcellinis, member of the Board of Directors of Exprivia S.p.A., holds 124,750 shares.

None of the other members of the Board of Directors, nor their respective, non-legally separated, spouses or children hold, directly or indirectly, Exprivia S.p.A. shares.

RELATIONSHIPS WITH COMPANIES OF THE GROUP

Important relationships aimed at optimising staff structures and working together in the technological and application fields have been initiated with companies of the Group.

Operations carried out by Exprivia S.p.A. both with the companies included in the consolidation area and those excluded as insignificant, mainly concern the provision of services and exchange of software products; they form part of the ordinary management and are regulated at market conditions, that is, at those terms and conditions that would be applied to independent parties. All operations are carried out in the interest of the companies.

The following tables illustrate relationships of a commercial nature (first table) and financial nature (in the second table) established with those companies included in the consolidation and those which are not irrelevant.

Commercial nature

Description	Credits	Debits	Costs	Revenue
Aemedia S.r.l.		812		
AlSoftware Professional Services S.r.l.				32,269
Exprivia Projects S.p.A.			857,460	256,438
Exprivia Solutions S.p.A.			380,350	423,116
GST S.r.l.		41,517	144,207	35,923
Svimservice S.p.A.	220,500			220,500
Wel.Network S.p.A.	242,261	1,232	1,082	215,261
TOTAL	462,761	43,561	1,383,099	1,183,507

Financial nature

Description	Credits	Debits	Costs	Revenue
AlSoftware Professional Services S.r.l.			29,341	
Exprivia Projects S.p.A.	410,506			44,441
Exprivia Solutions S.p.A.	353,467			32,628
Farm Multimedia S.r.l. in liquidation	11,708			
GST S.r.l.	218,716		4,791	
TOTAL	994,397		34,132	77,069

RELATIONSHIPS WITH AFFILIATES

Operations carried out by Exprivia S.p.A. with affiliates mainly concern the provision of services and exchange of software products; they form part of the ordinary management and are regulated at market conditions, that is, at those terms and conditions that would be applied between two independent parties. All operations are carried out in the interest of the companies.

The following table shows the amounts involved in the commercial and financial relationships with affiliates.

Description	Credits	Debits	Costs	Revenue
Geosym	85,066			
Mindmotion S.r.l. in bankruptcy	219,150	63,344		
Mindmotion provision for bad and doubtful debts	(55,805)			
Impression	80,486			
Impression provision for bad and doubtful debts	(80,486)			
San Vincente	12,820			
San Vincente provision for bad and doubtful debts	(12,820)			
Brainspark Plc				800
Network Services S.r.l.		164,899	1,605,727	
	248,411	228,242	1,605,727	800

Exprivia S.p.A. Balance Sheet

EXPRIVIA – ASSET AND LIABILITY STATEMENT

31/12/2007 31/12/2006

NON CURRENT ASSETS		
Buildings, Systems and machinery	7,381,365	7,670,609
Land and Buildings	6,495,106	6,705,319
Fixed assets in progress and advances	64,128	64,128
Other assets	822,131	901,162
Goodwill and undefined assets	24,898,814	24,298,814
Goodwill	24,898,814	24,298,814
Consolidation difference		
Other Intangible Assets	1,859,596	1,831,697
Intangible assets	23,526	45,214
Research and development costs	1,836,070	1,736,330
Fixed assets in progress and advances		50,153
Shareholdings	40,176,023	3,161,193
Shareholdings in subsidiaries	38,796,041	1,873,712
Shareholdings in affiliates	114,500	
Shareholdings in other companies	1,265,481	1,287,481
Other Financial Assets	384,824	32,118
Receivables to subsidiaries	365,176	12,700
Receivables to others	13,333	13,333
Other securities	6,316	6,085
Deferred tax credits	929,414	759,414
Tax advances/deferred taxes	929,414	759,414
TOTAL NON CURRENT ASSETS	75,630,036	37,753,845

CURRENT ASSETS	31/12/2007	31/12/2006
Commercial Credits and others	25,996,942	29,458,159
Receivables to customers	18,197,993	18,564,389
Receivables to subsidiaries	1,091,983	4,361,443
Receivables to parent companies	403,964	367,964
Receivables to affiliates	248,411	248,411
Receivables to others	5,562,651	5,426,759
Tax credits	222,214	240,422
Accrued earnings and deferred assets	269,726	248,771
Stock	27,874	101,645
Stock	27,874	101,645
Work in progress to order	429,424	81,339
Work in progress to order	429,424	81,339
Current Financial Assets		
Other securities		
Own shares		
Liquid Assets	2,282,225	1,069,392
Credit banks	2,278,979	1,066,185
Cheques and cash in hand	3,247	3,207
ASSETS CLASSIFIED AS HELD FOR SALE AND INCLUDED IN DIVESTED AGGREGATES	30,532	
Subsidiary shareholdings	30,532	
TOTAL CURRENT ASSETS	28,766,997	30,710,535
TOTAL ASSETS	104,397,034	68,464,380

NET WORTH	31/12/2007	31/12/2006
Company Capital	21,801,519	17,642,488
Company Capital	21,801,519	17,642,488
Own Shares		(53,557)
Own shares		(53,557)
Surplus Reserve	12,215,082	1,999,113
Surplus reserve	12,215,082	1,999,113
Appreciation Reserve	2,672,905	3,033,230
Appreciation reserve	2,672,905	3,033,230
Other Reserves	7,076,020	7,512,875
Legal Reserve	54,944	
Deposits future capital increase account	5,000,000	6,000,000
Extraordinary reserve		82,000
Other reserves	1,636,986	1,418,000
IAS transaction reserve	124,949	148,871
IAS reserve available	378,051	
IAS tax effect	(118,909)	(135,996)
Previous year's results	(2,824,818)	(3,868,749)
Previous years' profits/losses	(2,824,818)	(3,868,749)
Year's profit/Loss	2,078,328	1,098,875
TOTAL NET WORTH	43,019,036	27,364,275

NON CURRENT LIABILITIES	31/12/2007	31/12/2006
Non current payables to banks	18,876,514	4,271,353
Non current payables to banks	18,876,514	4,271,353
Other Financial Liabilities	306,390	646,588
Tax and social security debts beyond year	306,390	646,588
Provision for Risks and Charges	315,875	135,401
Other reserves	315,875	135,401
Staff Related Funds	3,328,843	3,451,307
Employee retirement allowance	3,328,843	3,451,307
Deferred Tax debts	184,921	198,231
Deferred tax funds	184,921	198,231
TOTAL NON CURRENT LIABILITIES	23,012,544	8,702,880

CURRENT LIABILITIES	31/12/2007	31/12/2006
Current payables to banks	15,593,448	11,454,491
Current payables to banks	15,593,448	11,454,491
Payables to Suppliers	5,334,641	4,047,159
Payables to suppliers	5,334,641	4,047,159
Advances on work in progress to order	65,159	36,680
Advances	65,159	36,680
Other Financial Liabilities	2,637,683	5,874,049
Payables to subsidiaries	43,561	3,797,191
Payables to parent companies	250,000	
Payables to affiliates	218,559	320,675
Payables to others	2,125,563	1,756,183
Tax Debts	2,465,694	2,321,401
Tax debts	2,465,694	2,321,401
Other Current Liabilities	12,268,828	8,663,445
Payables to welfare and social security institutes	2,001,442	1,866,042
Other payables	6,604,343	2,518,953
Accrued costs	314,326	253,781
Deferred earnings	3,348,717	4,024,668
LIABILITIES INCLUDED IN DIVESTED AGGREGATES		
TOTAL CURRENT LIABILITIES	38,365,454	32,397,224
TOTAL LIABILITIES	104,397,034	68,464,379

EXPRIVIA – PROFIT AND LOSS ACCOUNT

	31/12/2007	31/12/2006
REVENUE	39,285,756	34,029,872
Revenue from sales and services	39,285,756	34,029,872
OTHER PROCEEDS	1,154,364	1,627,537
Other proceeds and revenue	321,507	687,464
Contributions to year's account	832,857	939,594
Surpluses		479
VARIATIONS IN STOCK OF FINISHED PRODUCTS AND PRODUCTS IN PROGRESS	1,378,956	816,453
Var. in stock of products in progress, semi-finished products	(11,063)	(45,535)
Variation in work in progress to order	429,424	55,747
Increase in fixed assets for internal work	960,595	806,241
TOTAL PRODUCTION REVENUE	41,819,077	36,473,862
RAW MATERIALS AND CONSUMABLES	2,396,130	1,256,450
Costs of raw, subsidiary materials, consumables and goods	2,396,130	1,256,450
EMPLOYEE BENEFIT RELATED COSTS	23,551,581	20,765,207
Salaries and wages	18,245,011	15,983,898
Social security contributions	4,238,748	3,660,796
Retirement allowance	811,556	917,483
Other staff costs	256,267	203,031
OTHER COSTS	9,956,224	9,963,890
Other service costs	8,662,083	8,760,996
Costs to enjoy third party assets	681,627	687,535
Sundry management costs	312,514	515,359
Stocks and reserves	300,000	
TOTAL PRODUCTION COSTS	35,903,935	31,985,547
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUE	5,915,142	4,488,314

	31/12/2007	31/12/2006
DEPRECIATION AND DEVALUATIONS	1,632,555	1,738,124
Ordinary depreciation of intangible fixed assets	962,251	957,899
Ordinary depreciation of tangible fixed assets	607,596	686,691
Credit devaluation included in circulating assets	62,707	93,534
FINANCIAL PROCEEDS AND CHARGES	1,367,883	890,987
Proceeds from shareholdings from subsidiary companies	(77,069)	(62,915)
Proceeds other than those listed above	(206,652)	(98,249)
Interest and other financial charges	1,217,811	879,635
Financial charges to subsidiary companies	34,132	87,446
Proceeds and losses on exchanges	(340)	(4,988)
Devaluations	400,000	90,000
Devaluation of securities entered in AC		58
TOTAL COSTS	3,000,438	2,629,111
PRE-TAX RESULT	2,914,704	1,859,203
INCOME TAX	836,376	760,328
IRES	(116,439)	(47,898)
IRAP	1,015,000	810,000
Previous years' taxes	104,038	
Deferred taxes	1,208,777	(1,774)
Tax advances	(1,375,000)	
OPERATING PROFIT OR LOSS	2,078,328	1,098,875

EXPRIVIA – FINANCIAL STATEMENT

Amounts in Euro	31.12.2007	31.12.2006
Income management operations:		
-Profit (loss)	2,078,328	1,098,875
- Depreciation and devaluation of fixed assets	1,569,848	1,644,590
-R.A. reserve	811,556	917,483
-R.A. Advances/Payments	(934,020)	(513,420)
Financial asset value adjustments		
Cash flow resulting from income management	3,525,711	3,147,529
Increases/Reductions in circulating assets and liabilities:		
-Variation in stock and advances	(274,315)	972,173
- Variation in receivables to customers	366,396	(514,949)
- Variation in receivables to parent companies/subsidiaries/affiliates	3,233,459	(1,403,210)
- Variation in receivables to others	(148,214)	(1,760,694)
- Variation in payables to suppliers	1,287,482	(3,926,154)
- Variation in payables to parent companies/subsidiaries/affiliates	(3,605,746)	123,142
- Variation in tax and social security debts	279,694	(2,913,401)
- Variation in payables to others	4,483,249	691,930
- Variation in accrued earnings/deferred assets	(20,956)	(54,127)
- Variation in accrued expenses	(615,407)	1,594,005
- Variation in risk fund reserve	(173,034)	180,261
Cash flow resulting from (used by) circulating assets and liabilities	4,812,610	(7,011,023)
Cash flow resulting from (used by) current assets	8,338,321	(3,863,495)
Investments:		
- Variation in tangible fixed assets	(318,352)	(436,140)
- Variation in intangible fixed assets	(1,590,151)	(850,716)
- Variation in financial fixed assets	(37,537,536)	(894,456)
Cash flow resulting from (used by) investment activities	(39,446,039)	(2,181,313)
Financial assets:		
- Payables to other financers		
- Variations in financial assets that do not constitute fixed assets		
- Variations as a result of differences		
- Variation in net worth	13,576,433	(47,362)
- Difference in reserves due to variation in consolidation perimeter		
- Variation in third party net worth		
Cash flow resulting from (used by) financial assets	13,576,433	(47,362)
Increases (decreases) in cash	(17,531,285)	(6,092,170)
Banks and cash in credit at year start	1,069,392	1,686,504
Banks and cash in debit at year start	(15,725,844)	(10,250,786)

Banks and cash in credit at year end	2,282,225	1,069,392
Banks and cash in debit at year end	(34,469,962)	(15,725,844)
Increases (decreases) in cash in hand	(17,531,285)	(6,092,170)

Supplementary note to the Balance Sheet of Exprivia S.p.A. as at 31 December 2007

See the Supplementary Note to the Exprivia Group Consolidated Balance Sheet for the illustration of the following:

- ✓ declaration of conformity with IFRS International Reporting Standards;
- ✓ valuation criteria;
- ✓ events following 31 December 2007.

INFORMATION ON THE ASSETS AND LIABILITIES STATEMENT

The following is a detailed illustration of all asset and liability items making up the Asset and Liability Statement drawn up in accordance with International Reporting Standards (IAS/IFRS).

All figures indicated in the tables are expressed in Euro.

Non current assets

BUILDINGS, SYSTEMS AND MACHINERY

Amount to Euro 7,381,365 net of depreciation compared to Euro 7,670,609 at 31 December 2006.

The year's movements are as follows:

Categories	Historical cost as at 01/01/07	Increases	Historical cost as at 31/12/2007	Depreciation fund as at 01/01/07	Period deprec.	Cumulated deprec.	Transfer Company business	Net worth as at 31/12/2007
Land	247,716		247,716					247,716
Buildings	7,016,127		7,016,127	(558,524)	(210,212)	(768,736)		6,247,390
Others	4,017,718	361,787	4,379,505	(3,116,556)	(397,385)	(3,513,941)	(43,434)	822,131
Fixed assets in progress	64,128		64,128					64,128
TOTAL	11,345,689	361,787	11,707,476	(3,675,080)	(607,597)	(4,282,677)		7,381,365

The increase for the period of Euro 361,787 is mainly due to:

- ✓ the purchase of electric office machines amounting to Euro 245,873 of which Euro 93,404 purchased directly by the company and Euro 152,469 leased;
- ✓ leased goods amounting to Euro 66,002 resulting from the purchase of the Exprivia Projects S.p.A. business.

GOODWILL AND OTHER UNDEFINED ASSETS

The balance of the 'Goodwill' item, at 31 December 2007, amounts to Euro 24,898,814, an increase of Euro 600,000 corresponding to the goodwill acknowledged in the business acquired from Exprivia Projects S.p.A.

The following table lists the relative items.

Categories	Historical cost as at 01/01/2007	Increases	Total historical cost as at 31/12/2007
GOODWILL TRANSFER AIS PROFESSIONAL SERVICES BUSINESS	1,767,655		1,767,655
GOODWILL TRANSFER KSTONES BUSINESS	517,714		517,714
GOODWILL ETA BETA MERGER	3,040,710		3,040,710
GOODWILL AIS MEDICAL MERGER	3,913,766		3,913,766
GOODWILL ABACO INFORMATION SERVICES MERGER	14,597,803		14,597,803
GOODWILL ABACO MERGER COSTS	461,168		461,168
GOODWILL TRANSFER EXPRIVIA PROJECTS BUSINESS		600,000	600,000
TOTAL	24,298,816	600,000	24,898,816

Goodwill values and merger differences entered are subject to impairment tests in accordance with the provisions of IAS 36.

OTHER INTANGIBLE ASSETS

Net of depreciation, these amount to Euro 1,859,596 compared to Euro 1,831,697 at 31 December 2006.

The year's movements are as follows:

Categories	Historical cost as at 01/01/2007	Increases as at 31/12/2007	Decreases	Total historical cost as at 31/12/2007	Depreciation fund as at 01/01/2007	Period depreciation	Cumulated depreciation as at 31/12/2007	Net value as at 31/12/2007
Intangible assets	3,251,762	11,806		3,263,568	(3,206,550)	(33,494)	(3,240,044)	23,524
Development costs	17,577,980	1,028,498		18,606,478	(15,841,650)	(928,758)	(16,770,408)	1,836,069
fixed assets in progress and advances	50,153		(50,153)					
TOTAL	20,879,895	1,040,304		21,870,046	(19,048,200)	(962,251)	(20,010,451)	1,859,596

The most significant item regards investments to **develop** software applications to propose to the market for licensed use.

SHAREHOLDINGS

Shareholdings amount to Euro 40,176,023 at 31 December 2007, an increase of Euro 37,014,830 over 31 December 2006.

Shareholdings are listed in following paragraphs.

SHAREHOLDINGS IN SUBSIDIARY COMPANIES

The balance, at 31 December 2007, amounts to Euro 38,796,041, an increase of Euro 36,922,329 on 31 December 2006, as detailed below:

Description	31/12/2007	31/12/2006	Variations
Aemedia S.r.l.		30,532	(30,532)
Exprivia Projects S.p.A.	1,241,391	1,241,391	
GST S.r.l.	601,789	601,789	
Swimervice S.p.A.	26,936,356		26,936,356
Wel Network S.p.A.	10,016,505		10,016,505
	38,796,041	1,873,712	36,922,329

The variation on the previous year is to be attributed to the acquisition of new shareholdings as illustrated in the '**Significant Events – Acquisitions/Transfers within the Group**' paragraph of the '**Management Report**'.

The shareholding has been reclassified as 'Assets classified as held for sale and assets included in divested aggregates' due to its deconsolidation on 30.06.2007.

The following table shows the net worth for subsidiary companies.

Company	Registered office	Company Capital	Period result	Net Worth	Production value	Total Assets	Shareholding %
Exprivia Projects S.p.A.	Rome	242,000	102,083	262,386	5,142,800	2,718,228	100.00%
Exprivia Solutions S.p.A.	Rome	170,795	(640,742)	177,445	4,485,167	5,799,015	100.00%
GST S.r.l.	Trento	26,000	208,746	694,111	2,542,454	2,849,505	64.51%
Swimervice S.p.A.	Bari	1,548,000	2,763,596	6,230,911	20,783,509	16,506,405	100.00%
Wel Network S.p.A.	Piacenza	1,500,000	601,352	2,597,042	11,793,304	8,611,284	100.00%

SHAREHOLDINGS IN AFFILIATES

The balance, as at 31 December 2007, amounts to Euro 114,500 and relates to shareholding in ClinicHall.

After purchasing new shares, the shareholding in the aforementioned company rose to 40% and therefore, classified as 'Shareholding in other companies' at 31 December 2006, must now be considered as an 'Affiliated shareholding'.

SHAREHOLDINGS IN OTHER COMPANIES

The balance, as at 31 December 2007, amounts to Euro 1,265,481, falling by Euro 22,000 against that of 31 December 2006 due to the reclassification of the shareholding in ClinicHall.

Details are as follows:

Description	31/12/2007	31/12/2006	Variations
Advanced Computer Systems	1,235,816	1,235,816	
Centro di Competenza ICT	532	532	
Cered Software	104	104	
ClinicHall		22,000	(22,000)
Biogene consortium	3,000	3,000	
Conca Barese consortium	2,000	2,000	
Pugliatech consortium	2,000	2,000	
Finapi	775	775	
Iqs New S.r.l.	1,291	1,291	
Mo,ma	6,197	6,197	
Società Consortile Piano del Cavaliere	516	516	
Software Engineering Research	12,000	12,000	
Ultimo Miglio Sanitario	1,250	1,250	
	1,265,481	1,287,481	(22,000)

The variation on the previous year is to be attributed to the acquisition of new shareholdings as illustrated in the **'Significant Events – Acquisitions/Transfers within the Exprivia Group'** paragraph of the **'Management Report'**.

OTHER FINANCIAL ASSETS

RECEIVABLES TO SUBSIDIARIES

The balance, at 31 December 2007, amounts to Euro 365,176, of which Euro 11,708 refers to a credit with Farm Multimedia S.r.l. in liquidation and Euro 353,467 medium-long term finance granted to Exprivia Solutions S.p.A..

RECEIVABLES TO OTHERS

The balance of Euro 13,333 relates to the company's commitment of 29 December 2006 to purchase a GST partner's shares by the year 2010.

OTHER SECURITIES

The balance of Euro 6,316 has increased by Euro 231 over that of 31 December 2006, due to the revaluation of Centrobanca bonds as can be seen from the following table:

Description	31/12/2007	31/12/2006	Variations
Centrobanca bonds	4,896	4,665	231
Brainspark shares	1,420	1,420	
	6,316	6,085	231

DEFERRED TAX CREDITS

The balance, at 31 December 2007, amounts to Euro 929,414, an increase of Euro 170,000 over that of 31 December 2006, and refers to tax benefit on tax losses at 31.12.2008 deemed recoverable as a result of the company development plans.

CURRENT ASSETS

COMMERCIAL CREDITS AND OTHERS

RECEIVABLES TO CUSTOMERS

Receivables to customers fall from Euro 18,564,389, at 31 December 2006, to Euro 18,197,993, at 31 December 2007, and are entered among assets net of an adjustment of Euro 1,262,613 for risks that cannot be recovered.

The end of year balance can be analysed as follows.

Description	31/12/2007	31/12/2006	Variations
To Italian customers	16,311,668	18,211,045	(1,899,377)
To foreign customers	1,353,339	1,090,685	262,654
To public bodies	1,795,601	838,995	956,606
Subtotal receivables to customers	19,460,608	20,140,725	(680,117)
Minus: provision for bad and doubtful debts	(1,262,613)	(1,576,336)	313,723
Total receivables to customers	18,197,993	18,564,389	(366,394)

Detail	31/12/2007	31/12/2006	Variations
To third parties	15,493,947	14,838,044	655,903
Invoices to be issued to third parties	3,966,661	5,302,681	(1,336,020)
TOTAL	19,460,608	20,140,725	(680,117)

RECEIVABLES TO SUBSIDIARIES

The balance, at 31 December 2007, amounts to Euro 1,091,983, an increase of Euro 3,269,460 on the previous year.

Details are as follows:

Description	31/12/2007	31/12/2006	Variations
GST S.r.l.	218,716	78,179	140,537
Exprivia Projects S.p.A.	410,506	1,547,889	(1,137,383)
Exprivia Solutions S.p.A.		2,602,748	(2,602,748)
Exprivia Customer Services S.r.l.		67,621	(67,621)
Swimservice S.p.A.	220,500		220,500
Wel.Network S.p.A.	242,261		242,261
AlSoftw@re Professional Services S.r.l.		65,006	(65,006)
	1,091,983	4,361,443	(3,269,460)

Receivables to subsidiary companies, all regulated by draft agreements, mainly refer to licence sales and services charged to the company as far as Svimservice S.p.A. and Wel.Network S.p.A. are concerned; the receivable to GST S.r.l. refers to VAT and IRES advances the company pays on behalf of the subsidiary, while that to Exprivia Projects refers to the balance accrued by the company on the cash pooling account set up with the subsidiary.

RECEIVABLES TO PARENT COMPANIES

Euro 331,964 of the balance of 403,964 refers to the credit arising from the contribution of Abaco Innovazione S.p.A. (ex Abaco Software & Consulting S.p.A.) to Exprivia S.p.A. and Euro 72,000 re-debiting consultancy and logistic service costs sustained by the company on behalf of the parent company.

RECEIVABLES TO AFFILIATES

The balance, as at 31 December 2007, amounts to Euro 248,411, remaining the same as that of the previous year. The following table details the year's variations:

Description	31/12/2007	31/12/2006
Impression S.r.l. in liquidation	80,486	80,486
Geosim	85,066	85,066
Mindmotion S.r.l. in bankruptcy	219,150	219,150
San Vincente Group	12,820	12,820
Impression provision for bad and doubtful debts	(80,486)	(80,486)
Mindomotion provision for bad and doubtful debts	(55,805)	(55,805)
San Vincente provision for bad and doubtful debts	(12,820)	(12,820)
	248,411	248,411

It is specified that Euro 46,067 of the credit to Geosim is covered by a personal guarantee of the chairman of Exprivia S.p.A.

RECEIVABLES TO OTHERS

The balance, at 31 December 2007, amounts to Euro 5,562,651, an increase of Euro 135,892 over the previous year.

The following table details the year's variations:

Description	31/12/2007	31/12/2006	Variations
EEC contributions/Independent Province of Trento/Lazio Region	18,545	18,545	
Receivables to consortiums	930	930	
Credit territorial agreement for contributions deliberated	18,231	18,231	
Credits CNOS project	1,393,214	1,393,214	
Credits POR Puglia	1,209,363	1,145,000	64,363
Credits POR Spegea	31,050		31,050
Credits PIA Innovazione	1,747,890	1,747,890	
Credit L. 488/92 for contributions deliberated	684,508	684,508	
Credit L. 598/94	317,745	317,745	
Receivables to partners for shareholdings	19,109	19,109	
Advances to Suppliers for services		33,000	(33,000)
Sundry receivables	9,746	8,981	765
Receivables to social security institutes/INAIL	69,455	676	68,779
Receivables to employees	20,448	15,486	4,962
Deposits to suppliers	22,417	23,444	(1,027)
TOTAL	5,562,651	5,426,759	135,892

TAX CREDITS

At 31 December 2007, the balance was Euro 222,214, as detailed below:

Description	31/12/2007	31/12/2006	Variations
Inland revenue interest earned withholding tax	1,125	251	874
Inland revenue deductions on foreign payments	16,270	16,270	
Credits on R.A. lieu tax	11,304	19,563	(8,259)
Credits with Inland revenue	9,967	9,968	(1)
Tax credits art. 8	159,030	194,370	(35,340)
VAT Credits	24,518		
TOTAL	222,214	240,422	(42,726)

ACCRUED EARNINGS AND DEFERRED ASSETS

At 31 December 2007, these amounted to Euro 269,726 compared to Euro 248,771 at 31 December 2006 of which Euro 279 refer to accrued earnings (relating to proceeds on derivative products) and Euro 269,447 to deferred assets.

The details are as follows:

Deferred assets

Description	31/12/2007	31/12/2006	Variations
Interest on INPS instalments	133,666	111,158	22,508
Car rental		2,832	(2,832)
Sundry services and maintenance	135,781	134,503	1,278
TOTAL	269,447	248,493	20,954

STOCK

The balance, at 31 December 2007, amounts to Euro 27,874 compared to Euro 101,645 at 31 December 2006 and refers to software and hardware products relating to the medical sector, purchased by the company for resale.

WORK IN PROGRESS TO ORDER

The balance, at 31 December 2007, amounts to Euro 429,424 compared to Euro 81,339 at 31 December 2006 and refers to the value of orders in progress valued according to the contract payments due.

LIQUID ASSETS

The balance, at 31 December 2007, amounts to Euro 2,282,225 compared to Euro 1,069,392 at 31 December 2006 of which Euro 2,278,979 refers to bank credit balances and Euro 3,247 to cash in hand.

ASSETS CLASSIFIED AS HELD FOR SALE AND ASSETS INCLUDED IN DIVESTED AGGREGATES

SHAREHOLDINGS IN SUBSIDIARY COMPANIES

The balance, at 31 December 2007, amounts to Euro 30,532 and refers to the shareholding in Aemedia that is the subject of deconsolidation.

NET WORTH

The following statement shows the variations in Net Worth:

Operations	Company Capital	Own shares	Share surplus reserve	Other reserves	Revaluat. reserve	Profits (Losses) carried forward	Period profit (loss)	Total Net worth
Balance as at 31/12/04	1,000,000			314,547	331,888		1,358,906	3,005,341
Property appreciation					2,701,342			2,701,342
Deposit future capital increase account				6,000,000				6,000,000
Perimeter adjustments				1,192,132		(121,546)	(1,358,906)	(288,320)
Capital increase	16,642,488		1,999,113					18,641,601
Result as at 31/12/2005							(3,747,202)	(3,747,202)
Balance as at 31/12/2005	17,642,488		1,999,113	7,506,679	3,033,230	(121,546)	(3,747,202)	26,312,762
Disposition of result:						(3,747,202)	3,747,202	
Purchase own shares		(53,557)						(53,557)
Stock Option Plan								6,196
Result as at 31/12/2006							1,098,875	1,098,875
Balance as at 31/12/2006	17,642,488	(53,557)	1,999,113	7,512,875	3,033,230	(3,868,748)	1,098,875	27,364,276
Disposition of result:				54,944		1,043,931	(1,098,875)	
Deposit future capital increase account				5,000,000				5,000,000
Resolution of 30/11/2007 – Capital increase issuing No 4,125,413 ordinary shares with premium of € 0.9344 freeing future capital increase account reserve			3,854,785	(6,000,000)				
Resolution of 30/11/2007 - Capital increase issuing No 2,794,207 ordinary shares with premium of € 1,6273 and underwriting in kind 2,73% Swim Services s.p.a. shares	1,452,988		4,547,012					6,000,000
Resolution of 30/11/2007 - Capital increase issuing No. 1,078,516 ordinary shares with premium of € 1.6821 and Data Management S.p.A. underwriting in kind 25% of Well Network S.p.A.	560,828		1,814,172					2,375,000
Purchase own shares		53,557						53,557
Capital increase costs				(129,516)				(129,516)
Stock Option Plan				260,306				260,306
Transfer to available reserves				360,325	(360,325)			
IAS fiscal effect				17,087				17,087
Result as at 31/12/07							2,078,328	2,078,328
Balance as at 31/12/2007	21,801,519		12,215,082	7,076,021	2,672,905	(2,824,818)	2,078,328	43,019,036

COMPANY CAPITAL

The company capital, entirely paid up, amounts to Euro 21,801,518.96 and consists of 41,925,998 ordinary shares of the nominal value of Euro 0.52 each.

SHARE SURPLUS RESERVE

This amounts to Euro 12,215,082, at 31 December 2007, an increase of Euro 10,215,969 on that of 31 December 2006, as a result of the reserved capital increase of 30 November 2007.

REVALUATION RESERVE

This amounts to Euro 2,672,905, at 31 December 2007, falling by Euro 360,325 on that of 31 December 2006. The Euro 360,325 variation has been reclassified in Other Reserves available and relates to the corresponding depreciation of buildings at 31 December 2007.

OTHER RESERVES

The balance, at 31 December 2007 amounts to Euro 7,076,021 and refers to:

- 'legal reserve' amounting to Euro 54,944 corresponding to 5% of the previous year's result as deliberated by the shareholders' meeting of 27 April 2007;
- 'future capital increase account reserve' amounting to Euro 5,000,000 relating to the deposit made by Abaco Innovazione on 28 November 2007. It is specified that the 2006 reserve (amounting to Euro 6,000,000) was used in its entirety as already described in the 'Company Capital and Share Surplus Reserve' items;
- 'extraordinary reserve' amounting to Euro 82,000;
- 'other reserves' amounting to Euro 1,418,000 relating to contributions received;
- 'stock option reserve' amounting to Euro 266,502, set up to exercise those option rights resulting from implementation of the stock option plan described in the '[Year's Significant Events – Stock Option Plan](#)' paragraph of the [Management Report](#);
- Euro -129,516 relating to capital increase related consultancy costs;
- 'IAS/IFRS transition reserve' amounting to Euro 124,949 resulting from changes made following the adoption of the IFRS standards, varying by Euro 12,726 on 31 December 2006 as a result of reclassifying this amount among the IAS/IFRS reserves available;
- 'IAS /IFRS transition reserve available', amounting to Euro 378,051, relating mainly to the revaluation and IAS/IFRS transition reserves available as a result of the depreciation accrued at 31 December 2007;
- Euro -118,909 'IAS/IFRS fiscal effect reserve' representing the fiscal effect calculated on the variations made following the adoption of the IFRS reporting standards varying by Euro 17,087 as a result of being reclassified as 'IFRS transition reserves available'.

PREVIOUS YEARS' RESULTS

The loss carried forward of Euro 2,824,818 has fallen compared to that of 31 December 2006 as a result of the disposition of the 31 December 2006 result.

NON CURRENT LIABILITIES

NON CURRENT PAYABLES TO BANKS

The balance, at 31 December 2007, amounts to Euro 18,876,514 compared to the Euro 4,271,353 of the previous year, Euro 15,000,000 referring to the medium/long term share of the Euro 19,500,000 financing used to acquire Svimservice S.p.A. and Wel.Network S.p.A.

OTHER FINANCIAL LIABILITIES

TAX AND SOCIAL SECURITY DEBTS PAYABLE BEYOND THE YEAR

The balance of Euro 306,390 compared to that of Euro 646,588, at 31 December 2006, refers to the reclassification of the INPS debt, relating to future years, as a result of payment in monthly instalments in progress with Social Security bodies.

PROVISION FOR RISKS AND CHARGES

OTHER PROVISIONS

The balance, at 31 December 2007, amounts to Euro 315,875 compared to Euro 135,401 at 31 December 2006 and refers to:

The set aside for a Euro 190,000 2000 tax credit not acknowledged by the Revenue Agency and against Abaco Innovazione relating to 2000; the bill was reflected in Exprivia S.p.A. with regard to the obligations resulting from grant of the company complex from Abaco Innovazione S.p.A. to Abaco Information Services S.r.l. and subsequently incorporated in the company;

The Euro 110,000 provision relates to possible non-acknowledgement of Law 488/92 related facilities that are currently being verified; this sum corresponds to the contribution due on the same investment programme at 31 December 2007;

Euro 15,875 for the tax bill issued to Exprivia S.p.A. for the tax on refuse in previous years for which inspections are being carried out with the issuing body;

It is specified that the Revenue Office, Tax Police of Bari notified Exprivia S.p.A. of an Inspection report on 18 December 2007. This report contests undue depreciation rates on goodwill, contributions on financed research projects, contingent liabilities, restructuring costs and depreciation rates on shareholdings in 2002 and 2003. The company requested an assessment in accordance with Legislative Decree 218/97 on 12 February 2008. Further, the company has appointed a tax office to assist it in its dealings with the Revenue Agency.

Exhaustive analysis of the Report has highlighted the company's presumed evasion is based on extremely vague and however contestable elements. However, with reference to the finding that the losses of subsidiary companies were incorrectly carried forward to the parent company, the company has put together the materials necessary to contest this finding at the tax office that dealt with the contested facts at the time. Further, it is noted that all balance sheets and documents relating to the documentation that is the subject of the Report have been certified by the auditing company.

On the basis of the opinions sought from the professionals in question, it has been confirmed that even if the findings were found to be true they would have no effect on the Balance Sheet at 31 December 2007 as recovery of previous losses.

STAFF RELATED FUNDS

EMPLOYEE RETIREMENT ALLOWANCE

The balance, at 31 December 2007, amounts to Euro 3,328,843. The following table details the year's movements:

Description	31/12/2007	31/12/2006	Variations
Initial amount	3,451,307	3,047,844	403,463
Year's drawdown	(351,470)	(514,020)	162,550
Transfer of fund to INPS Treasury and Pension Funds	(745,219)		(745,219)
Year's provision	751,936	917,483	(165,547)
TA acquisition company business	222,289		222,289
Year end total	3,328,843	3,451,307	(344,753)

The R.A. fund has been recalculated according to the actuarial financial method set out in IAS 19.

It should be noted that Euro 695,744 of the year's provision of Euro 751,936 relates to service costs, Euro 134,370 to the financial components resulting from the application of interest costs and Euro 18,558 to actuarial gains.

DEFERRED TAX DEBTS

DEFERRED TAX FUNDS

This fund, at 31 December 2007, amounts to Euro 184,921, representing provisions made for taxes (IRES and IRAP) calculated on the temporary variations resulting from balance sheet item valuation according to international IFRS reporting standards.

CURRENT LIABILITIES

CURRENT PAYABLES TO BANKS

The balance, at 31 December 2007, amounts to Euro 15,593,448 of which Euro 4,500,000 relates to current share of financing of Euro 19,500,000 used to acquire Svmservice S.p.A. and Wel.Network S.p.A.

At 31 December 2006, the balance amounts to Euro 11,454,491.

PAYABLES TO SUPPLIERS

The balance, at 31 December 2007, amounts to Euro 5,334,641 compared to Euro 4,047,159 at 31 December 2006.

ADVANCES ON WORK IN PROGRESS TO ORDER

ADVANCES

The balance of Euro 65,159 refers to customer advances.

OTHER FINANCIAL LIABILITIES

PAYABLES TO SUBSIDIARY COMPANIES

Payables to subsidiary companies amount to Euro 43,561 and consist of the following:

Description	31/12/2007	31/12/2006	Variations
GST S.r.l.	41,517	293,037	(251,520)
Farm Multimedia S.r.l. in liquidation		992	(992)
Exprivia Projects S.p.A.		196,945	(196,945)
Exprivia Solutions S.p.A.		1,543,352	(1,543,352)
AlSoftware Professional Services S.r.l.		1,762,053	(1,762,053)
Aemedia S.r.l.	812	812	
Wel.Network S.p.A.	1,232		1,232
TOTAL	43,561	3,797,191	(3,754,862)

PAYABLES TO PARENT COMPANIES

The balance, at 31 December 2007, amounts to Euro 250,000 and refers to debts in relation to Abaco Innovazione S.p.A. for the services and guarantees rendered by the parent company as a result of the finance used to acquire Svmservice S.p.A. and Wel.Network S.p.A.

PAYABLES TO AFFILIATES

The balance, at 31 December 2007, amounts to Euro 218,559 compared to Euro 320,675 at 31 December 2006 of which Euro 164,899 refer to debts with Network Services S.r.l.

PAYABLES TO OTHERS

The balance amounts to Euro 2,125,563 compared to Euro 1,756,183 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Financial derivative products	255,305	319,414	(64,109)
PIA Innovazione advance	1,341,445	1,341,445	
L.. 598/94 advance	95,324	95,324	(1)
CNOS project advance	417,964		417,964
POR Puglia advance	15,525		15,525
TOTAL	2,125,563	1,756,183	369,380

The following summarises the features of financial derivatives and their Market to Market value as at 31.12.2007.

Bank	Contract date	Contract expiry date	Type of operation	Operation amount	Market to Market as at 31.12.2007
Unicredit	01/04/2005	05/04/2010	Protected IRS Variable	6,000,000	229,533
Banco di Napoli	19/01/2007	23/01/2012	IRS	2,000,000	25,772

TAX DEBTS

Tax debts have increased by Euro 144,293, rising from Euro 2,321,401, at 31 December 2006, to Euro 2,465,694, at 31 December 2007. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
Payables to Inland Revenue for VAT	1,503,260	1,252,058	251,202
Payables to Inland Revenue for IRAP	270,778	194,714	76,064
Payables to Inland Revenue for IRPEF employees	448,919	376,323	72,596
Payables to Inland Revenue for IRPEF free lance workers	21,052	18,117	2,935
Payables to Inland Revenue for IRPEF collaborators	21,119	10,112	11,007
Payables to Inland Revenue	7,304	1,787	5,517
Payables to Inland Revenue for IRPEF R.A.	22.132	17.286	4.846
Payables to Inland Revenue for Regional and Municipal add.	2,969	3,813	(844)
Payables to Inland Revenue for refuse taxes	2,471	25,174	(22,703)
Payables to Inland Revenue for interest and sanctions	165,691	422,017	(256,326)
TOTAL	2,465,694	2,321,401	144,293

OTHER CURRENT LIABILITIES

PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTES

Payables to social security and welfare institutes amount to Euro 2,001,442 compared to Euro 1,866,042 at 31 December 2006. The following table details the relative items and movements compared to the previous year.

Description	31/12/2007	31/12/2006	Variations
INPS contributions account	845,697	715,091	130,606
INPS contribution instalment account	435,270	563,160	(127,890)
PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI- PREVINDAPI	71,639		71.639
Contributions on holiday/summer- Christmas bonus accruals	338,981	300,290	38,691
INPS contributions on bonus accruals	124,935	107,500	17,435
INPS collaborator contributions account	43,494	43,640	(146)
INAIL contributions account	95,891	41,677	54,214
Regional disabled employment fund	10,698		10,698
Other social security and welfare institutes	34,838	94,684	(59,846)
TOTAL	2,001,442	1,866,042	135,400

OTHER PAYABLES

Other payables amount to Euro 6,604,343 compared to the 2,518,952 of 31 December 2006. Items consist of the following:

Description	31/12/2007	31/12/2006	Variations
Payables to employees/collaborators for expenses	6,389	98,771	(92,382)
Directors payments to be settled	81,446	159,736	(78,290)
Collaborators for fees accrued	326,746	214.476	112,270
Employees for fees accrued	1,990,627	960,786	1,029,841
Debts to purchase shareholdings	3,022,273	35,895	2,986,378
Holidays and festivities accrued/summer-Christmas bonuses	1,135,234	1,014,558	120,676
Payables to Associations	10,781		10,781
Sundry payables	30,846	34,730	(3,884)
TOTAL	6,604,343	2,518,952	4,085,391

ACCRUED COSTS

The balance, at 31 December 2007, amounts to Euro 314,326 compared to Euro 253,781 at 31 December 2006. The movements on the previous year are as follows:

Description	31/12/2007	31/12/2005	Variations
Bank interest and charges	131,538	130,537	1,001
Interest on PIA Innovazione fin.	5,800	3,733	2,068
Transactions with suppliers		37,768	(37,768)
Advances on employee overtime and recoverability	-	17,100	(17,100)
Sundry costs	18,242	19,487	(1,245)
Insurances	7,534	43,023	(35,489)
Sundry interest paid	151,211	2,133	149,079
TOTAL	314,326	253,781	60,545

DEFERRED REVENUE

The balance, at 31 December 2007, amounts to Euro 3,348,717 compared to Euro 4,024,668 at 31 December 2006. The movements on the previous year are as follows:

Description	31/12/2007	31/12/2006	Variations
Contributions Art. 8	567,271	600,308	(33,037)
Contributions L. 488/92	593,146	621,464	(28,319)
Contributions PIA Innovazione	413,423	459,720	(46,297)
Contributions L. 598/94	3,239	7,277	(4,038)
Services and maintenance	128,325	74,391	53,934
Temporary IAS adjustment variations	21,423	21,424	(1)
Contributions CNOS training and research	851,399	1,188,285	(336,886)
Contributions Pugliatech consortium	743,374	1,051,799	(308,425)
Contributions Spegea consortium	27,118		27,118
TOTAL	3,348,717	4,024,668	(675,951)

INFORMATION ON THE FINANCIAL STATEMENT

It is noted that cash flow resulting from both income management and circulating assets and liabilities is Euro 8.3 million, partly covering the Euro 19.5 million financing used to acquire Svimservice S.p.A. and Wel.Network S.p.A.

Net of the above-mentioned operations ordinary management showed an increase of around Euro 2 million in the cash flow.

INFORMATION ON THE PROFIT AND LOSS ACCOUNT

The following illustrates all the cost and revenue items making up the Profit and Loss Account drawn up according to international reporting standards (IAS/IFRS).

All figures shown in the following tables are expressed in Euro.

Production revenue

REVENUE FROM SALES AND SERVICES

2006 revenue from sales amounts to Euro 39,285,756, an increase of 5,255,885 on the previous year.

OTHER PROCEEDS

OTHER PROCEEDS AND REVENUE

The balance, at 31 December 2007, amounts to Euro 321,507 compared to Euro 687,464 of the same period of the previous year. The details are as follows.

Description	31/12/2007	31/12/2006	Variations
Contingent assets	227,669	635,444	(407,775)
Other revenue	4,106	6,224	(2,118)
Compensation in lieu of prior notice	36,550	36,634	(84)
Proceeds from assigning cars to employees	5,139	9,162	(4,023)
Asset surpluses	120		120
Detached staff	47,922		47,922
TOTAL	321,507	687,464	(365,957)

CONTRIBUTIONS TO OPERATING ACCOUNT

The balance, at 31 December 2007, amounts to Euro 832,857 compared to Euro 939,594 in the same period of the previous year. The following table details the relative items

Description	31/12/2007	31/12/2006	Variations
Contribution art. 7 L. 388/2000		22,800	(22,800)
Contribution art. 8 L. 388/2000	33,037	44,190	(11,153)
Contribution CNOS project	336,887	204,928	131,959
Contribution L. 598/94	4,037	63,806	(59,769)
Contribution L. 488/92	28,318	63,045	(34,727)
Contribution PIA Innovazione	46,297	443,429	(397,132)
Contribution POR Puglia 2001-2006	372,789	93,201	279,588
Contribution Conca Barese Territorial agreement	11,492	4,195	7,297
TOTAL	832,857	939,594	(106,737)

VARIATIONS IN STOCK OF FINISHED PRODUCTS AND PRODUCTS IN PROGRESS

VARIATIONS IN STOCK OF PRODUCTS IN PROGRESS

The negative balance amounts to Euro 11,063 and refers to products of the Health and Medical Business Line.

VARIATIONS IN WORK IN PROGRESS TO ORDER

The balance of Euro 429,424 refers to projects in progress.

INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The balance of long term project capitalisations amounts to Euro 960,595 compared to Euro 806,241 at 31 December 2006 and refers to costs sustained during the year to develop projects in the banking (380,995) and medical sectors (579,600).

PRODUCTION COSTS

RAW MATERIALS AND CONSUMABLES USED

Costs entered during 2007 amount to Euro 2,396,130, an increase of Euro 1,139,680 on the previous year. The details are as follows.

Description	31/12/2007	31/12/2006	Variations
Purchase hw-sw products	1,763,487	846,122	917,365
Purchase hw-sw maintenance	282,140	285,383	(3,243)
Purchase system equipment	67,405	34,872	32,533
Stationary and sundry consumables	29,955	43,463	(13,508)
Fuel and lubricants	40,304	39,457	847
Products purchased from affiliated companies	57,048		57,048
Transport and rentals on purchases	12,513	7,153	5,360
Warranty services	143,278		143,278
TOTAL	2,396,130	1,256,450	1,139,680

EMPLOYEE BENEFIT RELATED COSTS

These amount to Euro 23,551,581, an increase of Euro 2,786,374 on 2006; Euro 18,245,011 refers to salaries, Euro 4,238,748 social security contributions, Euro 811,556 retirement allowance and 256,267 other staff related costs. The number of human resources at 31 December 2007 is 557 units, of which 476 employees and 81 collaborators, compared to the 475 units (421 employees and 54 collaborators) at 31 December 2006.

The average number of employees at 31 December 2007 was 453 units.

OTHER COSTS

OTHER SERVICE COSTS

The balance, at 31 December 2007, amounted to Euro 8,662,083, compared to Euro 8,760,996 of the previous year and can be analysed as follows:

Description	31/12/2007	31/12/2006	Variations
Technical and business consultants	3,217,762	3,229,065	(11,303)
Administrative/company/legal consultants	797,829	585,069	212,760
Consultancy to affiliates	1,605,727	2,317,781	(712,054)
Auditor pay	99,220	88,820	10,400
Travelling and transfer expenses	1,571,336	1,380,380	190,956
Other staff costs	177,730	111,268	66,462
Utilities	644,355	478,817	165,538
Advertising/Agency expenses	179,197	100,760	78,437
Insurances	150,234	134,251	15,983
Other costs	218,694	334,785	(116,091)
TOTAL	8,662,083	8,760,996	(98,913)

In accordance with CONSOB resolution 11.520 of 1 July 1998, the payments made to parent company Directors and Auditors in 2007 to carry out their functions in the other companies included in the consolidation area are listed below.

Surname and name	Position held	Term in office	2006 Payments	Non Monetary benefits	Bonuses and other incentives
Mr. Francesco Gardin	Chairman	2007 Balance sheet approval	220,000.00	-	-
Mr. Domenico Favuzzi	Managing Director	2007 Balance sheet approval	200,000.00	-	-
Mr. Dante Altomare	Executive Director	2007 Balance sheet approval	*68,899.00	-	12,212,00
Mr. Giorgio De Porcellinis	Non Executive Director	2007 Balance sheet approval	Does not receive payment		
Mr. Antonio Forte	Non Executive Director	2007 Balance sheet approval	12,500.00	-	-
Mr. Pierantonio Ciampicali	Independent director	2007 Balance sheet approval	20,000.00	-	-
Mr. Pierfilippo Roggero	Independent director	2007 Balance sheet approval	12,500.00	-	-
Mr. Renato Beltrami	Chairman of Board of Auditors	2007 Balance sheet approval	51,470.57	-	-
Mr. Leonardo Giovanni Ciccolella	Regular Auditor	2007 Balance sheet approval	32,044.40	-	-
Mr Gaetano Samarelli	Regular Auditor	2007 Balance sheet approval	31,466.33	-	-

*The payment to Mr. Dante Altomare is the salary he receives as manager of Exprivia S.p.A.

On 20 December 2006 and 29 June 2007, in accordance with the Regulations governing the Stock Option Plan for 2006-2011 and having consulted the Salaries Committee, the Board of Directors awarded the following Stock Options to Administrators:

Surname and name	Position held	Number Options awarded	Date assigned.	Subscription ratio	Price at which exercised	Option expiry date
Francesco Gardin	Chairman	200,000	CDA 20/12/2006	1 new share x option	€ 0,8918	30 June 2010
Domenico Favuzzi	Managing Director	200,000	CDA 20/12/2006	1 new share x option	€ 0,8918	30 June 2010
		200,000	CDA 29/6/2007	1 new share x option	€ 2,2034	31 December 2010
Dante Altomare	Executive Director	40,000	CDA 20/12/2006	1 new share x option	€ 0,8918	30 June 2010
		35,000	CDA 29/6/2007	1 new share x option	€ 2,2034	31 December 2010

COSTS TO ENJOY THIRD PARTY ASSETS

The year's balance amounts to Euro 681,627, compared to Euro 687,535 in the previous year and consists of:

Description	31/12/2007	31/12/2006	Variations
Rents paid	525,142	516,380	8,762
Car rental	153,440	164,677	(11,237)
Rental other assets	1,692	56	1,636
Licences	1,353	6,422	(5,069)
Total	681,627	687,535	5,908

SUNDRY MANAGEMENT COSTS

The year's balance amounts to Euro 312,514, compared to Euro 515,359 in the previous year and consists of:

Description	31/12/2007	31/12/2006	Variations
Association fees	32,298	32,398	(100)
Books and magazines	11,215	10,514	701
Taxes and duties	46,432	38,301	8,131
Revenue Stamps	8,299	9,716	(1,417)
Sanctions and fines	13,411	20,750	(7,339)
Free payments	16,680	11,191	5,489
Contingent losses	56,487	260,081	(203,594)
Bank charges and commission Sundry expenses	123,090	130,198	(7,108)
Sundry expenses	4,602	2,210	2,392
TOTAL	312,514	515,359	(202,845)

STOCK AND PROVISIONS

The operating balance amounts to Euro 300,000, compared to Euro 515,359 of the previous year and consists of:

Description	31/12/2007	31/12/2006	Variations
Provision for tax bills	190,000		190,000
Provision for contribution related risks	110,000		110,000
TOTAL	300,000		300,000

DEPRECIATION AND DEVALUATIONS

These amount to Euro 1,632,555, falling by Euro 105,569 on the previous year and include the year's depreciation for tangible and intangible fixed assets and devaluations. The following table lists the relative items compared with those of the previous year:

Description	31/12/2007	31/12/2006	Variations
Depreciation of intangible fixed assets	962,252	957,899	4,353
Depreciation of tangible fixed assets	607,596	686,691	(79,095)
Product stock devaluation	62,707	93,534	(30,827)
TOTAL	1,632,555	1,738,124	(105,569)

Intangible fixed asset depreciation, amounting to Euro 962,252, is detailed in the Intangible Fixed Assets paragraph.

Tangible fixed asset depreciation, amounting to Euro 607,596, is detailed in the tangible Fixed Assets paragraph.

FINANCIAL PROCEEDS AND CHARGES

PROCEEDS FROM SUBSIDIARY COMPANIES

The balance, at 31 December 2007, amounts to Euro 77,069 compared to Euro 62,915 in the previous year and refers to interest relating to financing subsidiary companies have with Exprivia S.p.A..

PROCEEDS OTHER THAN THOSE LISTED ABOVE

The balance, at 31 December 2007, amounts to Euro 206,652 compared to Euro 98,249 in the previous year. The details are as follows.

Description	31/12/2007	31/12/2006	Variations
Bank interest earned	4,551	1,207	3,344
Proceeds from financial derivatives	90,815	92,224	(1,409)
Interest earned on securities	231	4,016	(3,786)
Other interest earned	49	20	29
Surplus on own shares sold	108,468		108,468
Credit roundings	2,538	782	1,756
TOTAL	206,652	98,249	108,403

INTEREST AND OTHER FINANCIAL CHARGES

The balance, at 31 December 2007, amounts to Euro 1,217,811 compared to Euro 879,635 in the previous year. The following table details the relative items:

Description	31/12/2007	31/12/2006	Variations
Bank interest paid	626,861	506,708	120,153
Interest on mortgages	113,861	93,990	19,871
Interest on finance	226,982	73,380	153,602
Charges on financial derivatives	109,056		109,056
Other interest	141,051	205,557	(64,506)
TOTAL	1,217,811	879,635	338,176

FINANCIAL CHARGES TO SUBSIDIARY COMPANIES

The balance, at 31 December 2007, amounts to Euro 34,132 and refers mainly to interest on the debt the company has with its subsidiary AISoftw@re Professional Services S.r.l.

PROFIT/LOSS ON EXCHANGES

The balance, at 31 December 2007, amounts to Euro 340.

DEVALUATION OF SHAREHOLDINGS

The balance, at 31 December 2007, amounts to Euro 400,000 and refers to the company's waiver of its credit with Exprivia Solutions S.p.A..

INCOME TAX

The balance, at 31 December 2007, amounts to Euro 836,376 compared to Euro 760,328 at 31 December 2006. The details are as follows:

Description	31/12/2007	31/12/2006	Variations
IRES	(116,439)	(47,898)	(67,366)
IRAP	1,015,000	810,000	205,000
Deferred taxes	1,208,777	(1,774)	1,210,551
Advanced taxes	(1,375,000)		(1,375,000)
Previous years' taxes	104,038		104,038
TOTAL	836,376	760,328	77,223

OPERATING RESULT

The Profit and Loss Account closes with a net profit of Euro 2,078,328 as can be seen from the Assets and Liabilities Statement.

This balance sheet, consisting of the Assets and Liabilities Statement, Profit and Loss Account, Management Report and Supplementary Note, truly represents the company's financial and economic situation and corresponds to the accounts.

We thank you for your trust and invite you to approve the balance sheet as submitted, proposing the Euro 2,078,328 profit be allocated as follows:

- ✓ 5% to the Legal Reserve Euro 103,916
- ✓ to cover previous losses Euro 1,974,412

Molfetta, 28 February 2008

Mr. Francesco Gardin

Chairman

Mr. Domenico Favuzzi

Managing Director

Mr. Pietro Sgobba

Administrative and Financial Director

Certification of Consolidated Balance Sheet in accordance with Art. 81-c of CONSOB Regulation 11971 of 14 May 1999 and subsequent amendments and supplements

We, the undersigned, Domenico Favuzzi, managing director, and Pietro Sgobba, in charge of the accounts of Exprivia S.p.A., certify that, in accordance with the provisions of Art. 154-b, subsections 3 and 4, of Legislative Decree 58 of 24 February 1998, the administrative and accounting procedures adopted in drawing up the Consolidated Balance Sheet at 31 December 2007:

- ✓ are appropriate to the features of the Group,
- ✓ have been effectively applied.

Further, it is certified that the Consolidated Balance Sheet:

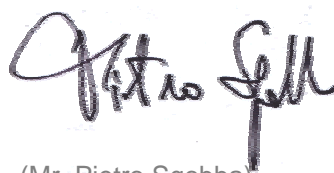
- c) corresponds with the company accounts and books;
- d) has been drawn up in accordance with the International Financial Reporting Standards adopted by the European Commission with regulation 1725/2003 and subsequent amendments and therefore provides a truthful representation of the company's financial and economic situation.

Molfetta 28 February 2008



(Mr. Domenico Favuzzi)

The Managing Director



(Mr. Pietro Sgobba)

In charge of drawing up the accounts