Annual Report
as at 31 December 2010

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Management Report of the Exprivia Group

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2010 came to a close showing uncertain signs of economic recovery; some indicators have started to become positive again without, however, pointing to a significant recovery of consumption and investments. The IT services, our reference market, gave similar indications, showing a prevalent trend toward cutting costs; at the same time signs of investments are starting up again.

In this context the Exprivia Group has succeeded in achieving positive and encouraging results, the fruit of growth strategies and internal organization that had been put in place in recent years and sustained by ongoing investments in research, development and training. As a matter of fact in 2010:

- the value of production was Euro 100.0 million (+ 11.2% from 2009)
- The EBITDA was Euro 15.3 million (+4.7% from the previous year) corresponding to 15.2% of the value of production
- The EBIT was Euro 11.9 million (+6.3% compared to 2009) amounting to 11.9% of the value of production.
- We registered a net result of Euro 4.9 million, substantially in line with the net result of the previous year.
- Cash flow management improved and made it possible to maintain a stable net financial indebtedness (Euro 39.8 million at the end of 2010 as opposed to Euro 39.3 million at the end of 2009).

After the results obtained in 2010, the Board of Directors decided to propose, at the next Shareholders's Meeting, the distribution of a dividend per share in line with that of the previous fiscal year, i.e. Euro 0.04 gross per ordinary share.

Corporate and financial management

2010 was the year of our consolidation, after the acquisitions concluded in the previous three-year period and integrated into our organization while preserving our profit margins that had reached the peak levels of this sector.

In 2010 our business sectors registered the following revenues obtained on the national market:

(millions of euro)	2010	2009	+/- %
Health and Local bodies	40.8	34.1	+19%
Banks, Finance and Insurance	11.6	10.1	+16%
Industry and Media	13.1	11.6	+13%
CPA, Transport & Utilities	14.1	14.8	-4%
Oil, gas and telecommunications	11.9	12.8	-7%

Moreover, there were additional revenues from the sale of products and services on the international market and other revenues that do not fall under the previous classification:

(millions of euro)	2010	2009	+/- %
Spain and Central America	3.2	1.2	+167%
Other	2.0	1.2	+59%
Total revenues from sales and services	**96.7**	**85.7**	**+13%**

It is also important to point out that in 2010 Exprivia acquired 51.12% of Prosap, a company that operates on the markets of Spain, Mexico and Central America where it offers professional services in the SAP environment and services of system integration and application management for prominent medium and large customers. Exprivia's investment in this acquisition was Euro 1 million, of which Euro 652,000 was paid in cash during the FY.

Regarding the financial aspect of 2010, we focused on curbing corporate indebtedness which had remained substantially unvaried from 2009 in spite of the substantial increase in revenues, among which we would like to point out the Euro 11.4 million of "works in progress on order" consisting mainly of projects that the Group was able to finance with internal cash generation..

We saw an improvement in the ratio between net financial indebtedness and the value of production, which had decreased to 39.7% in 2010 from 43.6% of 2009, and a slight improvement in the ratio between the net financial position and Ebitda (2.6 in 2010 compared to 2.7 in 2009).

Trend of 2010 and prospects for 2011

The sector **Health & Local bodies** continued -- in spite of the persistence of critical market conditions and budget restrictions suffered by the regions and health institutes -- to show positive results, which confirms a substantial countertrend. This important result was achieved through a remarkable organic growth in addition to the consolidation of the Aurora company branch acquired in 2009.

A positive result was achieved in the division dedicated to local authorities that, in addition to the award of a major contract from the municipality of Milan, generated a series of opportunities that allow us to foresee developments for 2011. The Medical sector showed remarkably positive results in 2010, with an increase in revenues from Euro 6.9 million in 2009 to Euro 10.7 million in 2010 (+ 55%).

An important affirmation was the award of a supply and multi-annual management tender for the IT system of the Local Health Institute of Asti, having strategic importance in the northwest. Another notable success was the award of a supply contract for the IT system of the IRCCS Fondazione Santa Lucia of Rome, a prestigious research institution that studies rehabilitation, which includes management and clinical components as well as components for the management of clinical images.

Scouting activities abroad, particularly in Latin America, proceeded in a satisfactory manner, leading us to obtain additional strategic partners in Brazil and Mexico and opening for us new and promising opportunities that we plan to pursue in 2011. We also established business contacts in Eastern Europe and the Middle East.

The sector of **Banks, Finance and Insurance** benefited from the actions taken to overhaul its range of services, actions which were started in the first quarter of 2010 and which allowed us to achieve positive results with respect to 2009. The revenues in the area of credits were consolidated and new contracts in the area of risk management were acquired that confirm our capability to put ourselves forward in this arena not only as a supplier of solutions, but also as a reference partner for dealing with the specific issues of this sector.

We have grown in the market of software and IT services for Finance, an area where we have taken a primary role in the management of “dealing rooms” through the MUREX platform, and multi-channel services. In the case of the latter we have defined a strategy for positioning a focused offer of *Internet banking 2.0* and *Mobile* services in which our customers have shown great interest. Lastly we developed business initiatives for the management of infrastructure and we also started major projects for security.

The sector **Industry and Media,** achieved an excellent result in FY 2010, even more positive if compared to the general trend of the industrial market, down by approximately 4% from the previous year. This result was partially the merit of Datilog, acquired in early 2010 and specialised in solutions for the operative management of warehouses.

The results obtained were achieved by increasing the services we provide to our current clients as well as acquiring new references in Energy&Construction, Food and Logistics; this demonstrates a highly competitive and targeted offer to meet the needs of the reference market on which we are already established in the segments of Aerospace, Consumer Products, Retail and Wholesale, Professional

Services. The development of real-time systems for the Defense contracts were particularly important, where the positive growth trend of the past few years has continued, proving the importance of the technical and process expertise acquired by Exprivia in this market segment.

The **Central Public Administration, Transportation and Utilities** in 2010 saw its revenues dropped slightly with respect to the figure in 2009 due to the delays in the start of certain jobs awarded in 2010.Nonetheless our activities in this sector achieved significant results in terms of strategic projects started at the companies of prominent customers such as Enel, Italferr, Sogei, Terna, Poste Italiane.

A deciding factor for these customers turned out to be Exprivia's capacity to create alliances and aggregations between small and medium ICT Enterprises with whom we worked to chip away at the hegemonic positions of the companies who historically dominate the public procurement market.

Oil, Gas and Telecoms also saw its revenues drop from the previous year, and in this case the negative variation can be attributed mainly to our customers' efficiency policies which resulted in less income from activities that until 2009 had been performed by Exprivia. 2010 saw us involved in the consolidation of new strategic partnerships to activate offers related to IT security products in the Telecom area and professional services in the Oil & Gas industry. Some of these partnerships produced results already in 2010 while others will generate returns in the next three years.

In the geographic area **Spain and Central America** four companies of the Exprivia group are active: Exprivia S.l. and ProSAP S.a. in Spain, ProSAP Centroamerica in Guatemala and ProSAP S.a. de CV in Mexico (the latter two belong to the ProSAP Group). In 2010 these companies achieved a total income of approximately Euro 6.5 million and gained marginally with respect to 2009.

They provide Business Intelligence services as well as services for the development and management of applications on SAP platform to a wide range of customers in the health, industry and banking.

In 2010, the Spanish company ProSAP acquired major new customers and qualified as of the official supplier for companies such as Repsol, ISBAN (Banco di Santander), the public administration of Catalonia and HP Europe.

Strategies for 2011-2013

For us 2010 was also the year of the announcement of the strategic guidelines for the next three years.

We coined the triple “I” acronym to mark this occasion:

Innovation Industrialisation and Internationalisation

Innovation will hinge upon research and development investments, partnerships with customers on innovative pilot programs and the strategic theme of the Digital City that we envision as a container of new models of interaction and integration (e-health, mobile payments, infomobility). We consider innovation as the only way to trigger growth and develop the readiness to provide adequate responses to markets that are rapidly changing.

We believe that the **Industrialisation** of IT will be guided by Cloud Computing, the cloud that makes standardised services available locally on request and in a highly dynamic manner without requiring that the services are physically available to users. Moreover, the experience we have acquired in “Nearshoring” allows us to expertly and efficiently assist our customers. Lastly, we have set up Expertise Centres in technological areas and application processes which will give solid support to growth in the next three years. Another support base for industrialisation consists of **Business Process Outsourcing** having a high IT content; through this we will take charge of entire core processes that currently use a high density of labour susceptible to automation by means of IT technologies and instruments.

We intend to aim at **Internationalisation** because our range of services constitute appropriate solutions, even for customers located outside of Italy. We have already experimented successfully on the Spanish market in the selection of local partners and the acquisition of companies rooted in the local territory that have become vehicles for us to convey our solutions and services. We intend to replicate these initiatives through local partners in countries that offer development potentialities.

The goal we set for ourselves to achieve by 2013 has four key points:

- total revenues of Euro 200 million of which 60 million earned through external acquisitions
- the expected marginality of the EBITDA will be 15%.
- at least 10% of revenues will be earned abroad
- Euro 15 million will be generated by Business Process Outsourcing

We ask that you accompany us in this process, by continuing to grant us your trust for the future, as you have until now, and for which I would like to express my personal thanks to you and to all the collaborators of Exprivia.

Chairman and Managing Director

Dr. Domenico Favuzzi

Corporate bodies

Board of Directors

The Board of Directors, whose term expires with the closing of 2010, is made up as follows:

BoD Member	Office held	Executive/ Non Executive	Place and date of birth
Domenico Favuzzi	Chairman and Managing Director	Executive	Molfetta (BA) 18/04/1962
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18/09/1954
Giancarlo Di Paola	Vice Chairman	Non executive	Bari 22/05/1952
Rosa Daloiso	Non-Independent Director	Non executive	Margherita di Savoia (FG) 5/04/1966
Giorgio De Porcellinis	Independent director *	Non executive	Milan 21/01/1948
Pierfilippo Vito Maria Roggero	Independent director *	Non executive	Milan 22/06/1954
Alessandro Laterza	Independent director *	Non executive	Bari 9/02/1958

(*) Independent directors pursuant to article 3 of the Code of Self-discipline adopted by the Italian Stock Exchange

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the company, without exception, with full authority for the implementation and achievement of the corporate aims. Therefore, it can undertake any type of obligation and carry out any capital provision without limitations of any kind, since any task that is not specifically assigned to the resolutions of the shareholders' meetings is its responsibility. (See Corporate Governance).

Board of Statutory Auditors

The current Board of Statutory Auditors, appointed by the Exprivia shareholders' meeting of 31 March 2008 and with term of office expiring with the closing of 2010, is made up as follows:

Auditor	Office held	Place and date of birth
Renato Beltrami	Chairman	Storo (TN) 07/12/1942
Gaetano Samarelli	Regular Auditor	Molfetta (BA) 07/12/1945
Ignazio Pellecchia	Regular Auditor	Bari 28/06/1968
Leonardo Giovanni Ciccolella	Alternate Auditor	Bari 24/06/1964
Mauro Ferrante	Alternate Auditor	Bisceglie (BA) 01/11/1964

AUDITING FIRM

The auditing firm of the Exprivia Group is PKF Italia S.p.A., whose term of office expires with the closing of 2013, is made up as follows.

Exprivia: one step ahead

THE COMPANY

Exprivia S.p.A. bases its success on a wealth of skills and experience gained from more than 25 years of constantly working in Information Technology for banks and financial institutions, industry, energy, telecommunications, utilities, public administration and healthcare.

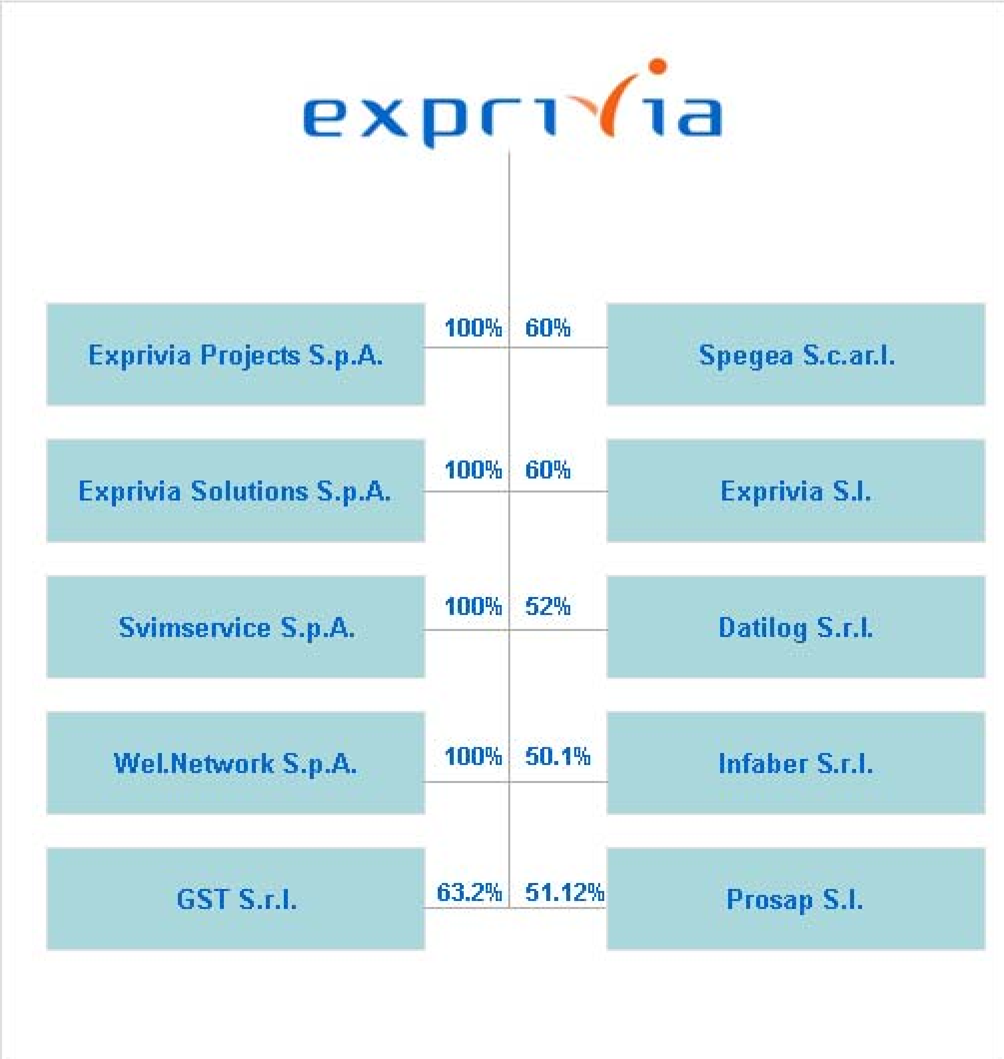
Exprivia has always looked towards the future, in an ongoing search for technologies that can anticipate market trends so as to offer its customers solutions and skills to improve their own business processes.

This strategic vision, combined with a knowledge of the specific requirements of each interlocutor, the vertical-offer system and the ability to manage complex projects and an R&D department of international excellence, are the distinguishing features of the Group.

Quoted on the Italian Stock Exchange since 2000 and in the STAR MTA segment since October 2007, Exprivia currently has a team of over 1400 people distributed among the head office in Molfetta (BA) and offices in Milan, Rome, Piacenza, Trento, Bari, Vicenza, Genoa) and abroad (Spain, Mexico and Guatemala).

Exprivia pursues the effective management of company processes based on a quality system complying with the standard UNI EN ISO 9001:2000, guaranteeing utmost transparency inside and outside the company.

THE GROUP



THE SUBSIDIARIES

Exprivia Projects S.p.A. is 100% owned by Exprivia; it is based in Rome and has a share capital of Euro 242,000.00 fully paid-up. It is specialised in the design, development and management of Call Centre, Contact Centre and Help Desk installations.

Exprivia Solutions S.p.A., 100% owned by Exprivia, is based in Rome and has a share capital of Euro 170,795.00 fully paid-up. It is the group company for the creation and supply of high added value IT products and solutions for the Defense and Space markets, and partially for the Services and local and central Public Administration markets.

Svimservice S.p.A., is wholly owned by Exprivia and is based in Bari; it has a share capital of Euro 1,548.000.00 fully paid-up. It has become established as a leading ICT company in the sector of IT for healthcare applications. This company stands out for its expansion, geographical diversification of the customer portfolio and an offer of development and management services for IT healthcare applications that is based on proprietary solutions and web-oriented technologies, in addition to IT systems and software applications for the local public administration (LPA).

Wel.Network S.p.A., 100% owned by Exprivia, is based in Piacenza and has a share capital of Euro 1,500,000.00 fully paid-up. It has gained considerable experience in many sectors that are typical of the IT world. In recent years, it has particularly focused on professional services distributed on SAP applications with particular penetration of the Industrial and Oil & Gas sectors. This activity is accompanied by the conspicuous resale of third party software licenses.

Gruppo Soluzioni Tecnologiche S.r.l - GST, in which Exprivia has a holding of 63.2%, is based in Trento and has a share capital of Euro 27,500.00 fully paid-up. The company is engaged mainly in the design and development of solutions for the voice recognition field. GST currently produces and sells software applications and evolved services using the best speech recognition technologies available on international markets.

Spegea S.C. a r.l., a Management School based in Bari, organises and manages specialist seminars, specific training courses for companies and the public administration, and the ASFOR-accredited ‘Master in Management and Industrial Development’. The company was set up 28 years ago upon the initiative of the Bari Confindustria [Italian Manufacturers' Association] with the support of banks and institutions; today it is 60% controlled by Exprivia S.p.A.

Exprivia Sl (Spain) is a company set up in Madrid in April 2008. It is a start-up business for the development of IT solutions and systems for the Health sector in the Spanish market. In July 2008, Exprivia S.p.A. acquired a 60% majority holding by underwriting a capital increase.

Profesionales de Sistemas Aplicaciones y Productos S.L. (ProSap), a Spanish company that has been operating since 2002, also through its subsidiaries in Mexico and Guatemala, offering professional services in SAP environments, system integration and application management for prominent medium and large customers. In October 2010 Exprivia SpA acquired a controlling stake of 51.12% in this company.

InFaber Srl is , a company specialised in providing Manufacturing Execution System (MES) services and solutions for the Italian and international manufacturing market; Exprivia Spa holds the majority stake of 50.10%.

Svimservice S.p.A. holds 100% of the share capital of **Al Faro Srl**, a company in liquidation that does not carry out any industrial activity. Exprivia Solutions S.p.A. holds a 100% stake in the share capital of **Farm Multimedia Srl** which is winding up.

STRATEGIC HOLDINGS

ACS S.p.A, in which Exprivia S.p.A. has a 16.21% stake, plays an important national and international role in the software and hardware sector for the acquisition, management and interpretation of satellite images. The company, with offices in Rome and Matera, has about 110 employees.

Software Engineering Research & Practices S.r.l, in which Exprivia S.p.A. has a 6% stake, is a spin-off of the University of Bari aimed at industrialising the results of university research in the software engineering sector and transferring them to business processes.

CONSORTIA INITIATIVES

Società cons. a r.l. Pugliatech was set up to participate in the fulfillment of the programme contract set out in the 2000-2006 POR Puglia notice.

Società cons. a r.l. Conca Barese was set up to manage the Bari Territorial Agreement (Patto Territoriale Conca Barese).

Consorzio Biogene was established to develop the project ‘Public-private laboratory for the development of integrated bio-information instruments for genomics, transcriptomes and proteomics (LAB GTP)".

Società cons. a r.l. “DAISY – NET”, was set up to undertake suitable initiatives for the development of a Centre of Technological Competence on ICT, arranged into a network of regional Centres of Competence.

Values and principles

The Exprivia group puts its people, who are its main asset, at the centre of its growth strategy, increasingly satisfying the requirements of a market in rapid transformation and pursuing the technological evolution of ICT services.

Exprivia sees its personnel as an important resource that must be taken care of in a strategic manner in order to reinforce and increase its competitive advantage.

To this end Exprivia offers all its collaborators suitable tools and opportunities for professional growth by considering their skills and professionalism as two factors that significantly influence the quality of the products and services supplied to its Customers.

Exprivia continuously encourages its staff to achieve levels of excellence by broadening their technical and managerial training, and a stimulating motivation, a sense of belonging and responsibility.

Their high level of professionalism, intended as a distinguishing factor, has allowed Exprivia to increase its weight and importance, especially in recent years when it has received acknowledgement at a national level.

With the intention to proceed in its growth process to become a leading actor in the national and international ICT industry in the next few years, Exprivia is aiming to increase the speed with which it acquires and develops know-how and its readiness to understand and meet the needs of its reference clientele.

For this purpose, the Personnel Training processes, both transversal and professionalising, have and will increasingly have a strategic role as tools aiming to help people reach ever more challenging objectives in terms of successful performance.

In Exprivia, the processes of Recruitment and Management of Human Resources are conducted by taking due consideration individual reward, competence and professional criteria, while safeguarding the principle of equal opportunities. The Development routes for Human Resources are set on these same criteria, taking care to ensure the transparency, seriousness and correctness of the assessment methods applied.

Its propensity for technical excellence and top-notch professionals on its staff, is fostered right from the recruitment process, whose main objective is to search for young talents featuring a high growth potential. In this context, constant cooperation takes place with leading national Universities and Polytechnics, reputed to provide fresh talent.

In Exprivia, relationships and behaviour, at all levels of the company, are based on principles such as **honesty, fairness, transparency, discretion, impartiality, diligence, loyalty and reciprocal respect.**

The chief organisational behaviours that Exprivia intends to encourage in order to achieve its aims are the following:

- **Customer Orientation**, meaning the ability to proactively listen to customers and analyse their organisational, environmental and functional context allows our people to interpret and anticipate customers' needs in order to be able to promptly and effectively meet those needs. This is also translated into the ability to effectively interact and instil in the customer a sense of loyalty and trust in its relations with our company.
- **Team Work and Cooperation,** meaning the ability to work on a team and contribute to the development of the Group in its entirety by working to create a cordial environment in terms of cooperation, also among colleagues who operate in work environments that are geographically distant. In order to pursue the acquisition strategy, Exprivia runs integration programmes aimed at easing the sharing and transfer not just of the knowledge asset of the organisation, but also of the values and principles, among colleagues who operate in contexts historically different in terms of technological and professional content.
- **Orientation toward the Result and Innovation**, meaning the ability to follow standards of excellence in the workplace, pursue new ideas, solutions, methods or occasions to improve the quality of the

processes and products, to set challenging work objectives for oneself and others and pursue them coherently.

The Exprivia business model

Exprivia offers high quality ***skills and solutions*** that it proposes through a plurality of ***services*** to the markets:

- ***Health and Local bodies***
- ***Banks and Financial Institutions***
- ***Industry and Media***
- ***Oil, Gas and Telecom***
- ***CPA, Transport & Utilities***

To reach these objectives Exprivia has continuously broadened and focused on the segmentation of its range by concentrating on proprietary and third-party solutions and on high level technological skills for the markets.

Ensuring a competitive range in line with the highest quality standards, Exprivia provides its customers with state-of-the-art technological know-how, excellent specialisation and tested methodologies.

Today Exprivia is one of the most active companies in designing, developing and integrating innovative software solutions and boasts a wide range of skills gained from twenty years of working in the reference markets, also through the constant collaboration with leading Italian and international universities.

With the specific business needs of its customers in mind, Exprivia particularly focuses on the professional quality, flexibility and motivation of people, considering Human Resources as a critical element to generate value.

Skills

In order to suitably meet the needs of a continuously changing market, Exprivia offers its services as a partner specialised in the various market segments, relying on the specific skills it has garnered over almost 25 years of operation.

The group uses a team of experts with functional and technical domain skills that work in collaboration with the Centres of Competence specialised in the various technological fields:

- ERP and Extended ERP
- Business Intelligence
- Enterprise Application Integration – Service Oriented Architecture
- Enterprise Content Management
- Infrastructure Management Services
- Business Process Outsourcing
- Capital Market
- Web and Mobile Applications

The Solutions

The high technological know-how and the experience acquired in certain market sectors have allowed the development of proprietary technology platforms that feature high reliability, significant effectiveness in managing the supported business processes and continuous adaptation to the technological evolution.

- Regional and local healthcare IT system
- Hospital IT system
- IT radiology system and handling clinical images
- Voice recognition system
- Solutions for the management of credit and risk assessment processes
- Solutions for the management of non-structured knowledge

Markets

Health and Local bodies

Due to its twenty years in the healthcare and a customer base of over 200 public hospitals and private clinics, today Exprivia is one of the leading players in the Italian Healthcare and Local Authorities marketplace.

Exprivia's vast array of applications provide a complete range of solutions, meeting the needs of the healthcare market, all the way from **Regional** government (Regions, Regional Bodies), and **local assistance hospital assistance** provided by the Local Health Institutes **hospital services** (Hospitals and Clinics, both private and public).

At a **regional level** the Exprivia group has in-depth knowledge of the organisational and management issues affecting the health care system, after completely computerising the Apulian Regional administration's health-care system (over 4 million patients) in a system known as SISR, run by our subsidiary Svimservice. Again through Svimservice, Exprivia is setting up an IT system in Apulia dedicated to primary assistance and to creating a network for family doctors and paediatrician.

The solutions offered by Exprivia bring together all of the main players in the regional healthcare system into one single circuit, from health authorities to family doctors and accredited private clinics, also providing online services to the public.

For **Health Authorities and Hospitals** Exprivia has a complete product range called the Aurora Hospital Information System which manages the entire patient clinical/healthcare process for inpatients at healthcare facilities. The system is currently implemented throughout Italy, with installations in various prestigious institutes and clinics in Lombardy, Veneto, Tuscany, Emilia Romagna, Liguria and Piedmont.

In the **diagnostic imaging sector** Exprivia has over a decade of experience working on RIS and PACS which today has grown into the most complete suite of software products for diagnostic imaging services.

In this sector, Exprivia has installed a number of complete and integrated information systems, not only for Radiology Services, but also for Endoscopy, Gynaecology and Obstetrics, IVF and Cardiology.

Exprivia has also created inter-authority teleconsultation systems, which can be used in vast areas (neurosurgical teleconsultation over most of north-eastern Italy, from Padua to Verona, Trento and Alto Adige), thus acquiring unique experience in providing support via ICT technologies for diagnostic processes and for clinical and diagnostic information sharing.

Through its subsidiary GST, Exprivia offers the best voice recognition technology for reporting available in Italy, with over 4000 reporting workstations active throughout the country.

The adoption of international standards (such as HL7, IHE, DICOM), co-operation via web service, and development using the J2EE platform make the whole Exprivia healthcare suite extremely innovative and easy to integrate with all existing information systems in healthcare facilities.

Banks and Financial Institutions

Exprivia has worked in banks for 25 years, providing innovative projects and solutions that, ahead of the market, were often later confirmed by real application trends.

Exprivia's offer of products and solutions focuses on Credit, Finance and Multi-channels as well as a wide range of services supporting the operating management of IT systems.

The range supporting the ***credit screening, disbursement and monitoring processes*** consists of two main components: the ***decision-support systems for the automatic measurement of the credit risk,*** that integrate the ratings with functions for the automatic generation of a comment in natural language and at the ***solutions supporting the operating processes***, such as the resolution and its subsequent monitoring. The offer in this field is complemented by ***Business Intelligence and Managerial Reporting products*** that collect and organise, according to various drivers, the data generated and/or archived by the application solutions mentioned of, that is widening the usage possibilities. The modular and flexible architecture ensures the possibility for individual solutions to stand alone and, as an alternative, to be easily integrated with third-party solutions.

In ***Finance*** Exprivia supports its customers in the rapidly evolving business through the optimization of trading room operations with software and hardware services and solutions. Exceptional elements of the Exprivia range are not represented by the two ***Murex Competence Centres*** , located in Milan and Molfetta, and by the ***Multimedia Competence Centre***.

In particular, concerning Murex, Exprivia provides system design, configuration, integration, upgrade and application management services 24/7 on MXG2000 and MX.3 platforms. Furthermore, in its capacity as a certified Murex business partner, today Exprivia is one of the few companies that can help customers in the delicate process of migration from MXG2000 to MX.3.

Concerning the multimedia arena, Exprivia proposes solutions to optimize and rationalize workstations of deal rooms, that is insuring a reduction of TCO

In in the area of ***Multichannel services***, more specifically for the processes of marketing, sales and customer service, we offer specialised services in the environment ***web 2.0***, refines solutions based on the ***a semantic engine*** proprietary DeepKnowledge to support ***marketing*** and ***CRM*** as well as solutions for ***mobile payment***.

Finally, the range that supports ***operating management*** proposes a ***complete range of services*** are able to meet all the business continuity needs of the institutions, provided through various service models including ***near shoring***, thereby guaranteeing quality and reliability at extremely competitive costs. In addition, specific solutions are available such as the ***secure management of privileged users*** as well as the proprietary solutions aiming to optimize service management (Help Desk tracking, etc.).

Industry and Media

The Exprivia offer for the industry sector is based on the ability to interpret that business of its customers and convert the technological competencies into lean and efficient solutions for the different operational contexts in which the value chain is arranged. The result is a series of solutions and services which, in an integrated logic, cover both the primary processes (logistics, production and sales) and the support processes (administration and finance, human resources) with special attention to the ERP, Extended ERP, Enterprise Application (EAI) and Manufacturing Execution System (MES) environment.

Exprivia creates real-time applications for the Defence and Aerospace sector, operating at both a national and international level, in accordance with civil and military quality standards since 1985. The company can claim consolidated expertise in the creation of system software, command and control systems, embedded systems, graphic tools, networking and prototyping of complex systems.

Some of these activities are implemented through outsourcing by adopting a nearshore strategy regulated by specific Service Level Agreements. This production method has been extended to all the market sectors in which the Exprivia group operates.

Oil, Gas and Telecom

Thanks to the acquisition of Wel.Network, the Oil, Gas and Telecom Business Line was set up in the third quarter 2009. It specialises in the specific scope of the processes of extraction, transport, storage, refining and distribution of oil and natural gas.

In this market, Exprivia offers ERP and ExtendedERP, mainly focusing on the sector verticalisation of the SAP platform, and a transversal offer on the EAI, Enterprise Content Management (“ECM”) platforms.

In the Telecommunications sector, in addition to providing an ERP and Business Intelligence (BI) offer, Exprivia is able to supply solutions for the core processes of mobile and land-line network operators with a complete and innovative range of Systems Integration regarding both business-support and operation-support systems. Particularly in the business sphere, Exprivia has gained experience and design skills related to CRM and billing/invoicing systems for the configuration and management of provisioning, order management, testing and quality control systems, while in the second environment, Exprivia has designed and created solutions for the efficient management of network infrastructures, remote database management, configuration management, network management and performance analysis.

CPA, Transport & Utilities

The CPA, Transport & Utilities Business Line addresses the different market segments by offering vertical solutions for specific themes within the sector.

The Exprivia offer **for the Public sector** in particular concerns the supply of solutions and services for the management and evolution of IT systems supporting internal processes, as well as innovation programs focusing on the needs of businesses and citizens as part of the e-Government plan.

The offer for **the Transport and Utilities sector** is focused on the supply of solutions and services for:

- **ITO,** for the outsourced management and development of systems and IT applications through which the primary processes of a company (logistics, operations, marketing and sales and services) and the support processes (infrastructure, management of human capital, management of technological resources and purchasing) are managed
- **BPO**, for the outsourced management of some functions or business processes of companies, including Credit Management.

Reference market trend in 2010.

THE ICT MARKET IN 2010

According to the Assinform report, the Italian IT market in 2010 confirmed a recovery that should be continued and reinforced further in the course of 2011.

From the analysis of the ***world ICT market*** in 2010 there was a recovery at a pace matching that of the precrisis levels, rising from 1.5% annually in 2009 it to +4.9% in 2010 (It +4.4%, Tlc + 5.1%), compare to a global gross domestic product of 5% .

In Italy the rate of recession is improving: - 2.5% as opposed to - 4.2% in 2009, foreign market value of Euro 60,230 million. This trend is due mainly to the telecommunications segment which underwent an additional decrease, reaching - 3% (-2.3% in 2009), whereas the demand for It regained 6.7 percentage points with respect to the - 8.1% of 2009, with a 1.4% decrease and a value of Euro 18,430 million, a figure that confirms the gap of Italy with respect to the other major developed countries. In fact, the IT market has grown in Germany (+ 2.6%), in France by 1.5%, in the UK by 1.3% against the European average of +1.2%. Outside of Europe the IT market has grown 5.1% in the USA and 0.9% in Japan.

The relative recovery of the Italian IT market is strongly characterised by the astonishing reawakening of demand for all technological components of the IT and in particular the hardware that, after years of continuous decline, showed a strong sign of growth (+ 2.8%) in 2010, and a remarkable recovery of 17.6 percentage points with respect to the previous year that closed with a -14.8% loss.

The dynamics of big servers (High End Systems), whose demand has grown by 18.4%, indicates that many companies, especially medium and large ones, have started renewing their technological product base. This figure is also reflected by the positive growth in the demand for infrastructural software: as opposed to a software segment that as a whole closed 2010 at - 0.9%, basic software grew by 0.4%, recovering five percentage points with respect to the previous year, whereas middleware was + 0.6%, with a recovery of 2.6 percentage points.

The growth of the hardware market was, moreover, driven by the sale of PCs as well as new devices, such as tablets, for companies as well as individuals. In fact 2010 was also the first time the tablet became the object of so much attention, with 428,570 units sold.

The sale of smartphones increased to over 4 million units, double the figure of 2009, and broadband access increased by 6.9%, exceeding 13 million units; moreover, the value of Internet access from landlines reached 7.4%.

Lastly, the services segment reached Euro 8,432 million, down 3.6% from 2009 (less severe than last year, which was - 6.5%).

FORECAST FOR 2011

The estimates of Assinform and NetConsulting for 2011 preannounce a year of turnaround for IT demand, with an annual growth of around 1.3% which will have as its thrust factors that demand for hardware (+3.2%), and it will also benefit from the recovery of software demand (+1.6%) and IT services (+0.6%).

The growth of the IT sector will be sustained, according to Assinform, by an increase in the consumption of tablets, for the hardware segment, the resumption of investments by companies in infrastructural projects and in a renewal of the applications area in the segments of Business Intelligence, evolved CRM and documental/dematerialisation management.

Trend of Exprivia Group results

The trend of **revenues per business area** rose 13% in 2010 with respect to the same period of 2009 and this was mainly due to the sectors of Health, Banking, Finance, and Industry in addition to the turnover from Exprivia's foreign companies Exprivia Sl and Prosap (only for the fourth quarter of 2010), the last two entered together under the item “Spain and Central America”.

Group Exprivia (value in K €)	31/12/2010	31/12/2009	Variation %
BL Bank, Finance e Insurance	11,646	10,054	16%
BL Industry & Media	13,104	11,599	13%
BL Government, Trasports & Utilities	14,142	14,781	-4%
BL Oil, Gas & Telco	11,867	12,760	-7%
BL Health and Local Bodies	40,778	34,124	19%
Spain and Centre America Area	*3,164*	*1,184*	*167%*
Other	*1,960*	*1,234*	*59%*
Total	**96,662**	**85,737**	**13%**

Exprivia Group (value in K €)	EBITDA				EBITDA/Ricavi		
	31/12/2010	31/12/2009	Variation	Variation%	31/12/2010	31/12/2009	Variation
BL Banks, Finance and Insurance	2,218	1,752	466	27%	19.0%	17.4%	1.6
BL Industry & Media	1,699	1,522	177	12%	13.0%	13.1% -	0.2
CPA, Transport & Utilities	915	862	53	6%	6.5%	5.8%	0.6
BL Oil, Gas e Telecommunicatiions	874	1,148	-274	-24%	7.4%	9.0%	-1.6
BU Health and Local Bodies	9,145	9,194	-49	-1%	22.4%	26.9%	-4.5
Spain & Central America	120	80	40	50%	3.8%	6.8%	-3.0
Other	281	15	266	1786%	14.3%	1.2%	13.1
Total	**15,252**	**14,573**	**679**	**4.7%**	**15.8%**	**17.0%**	**-1.2**

The details of the revenues concerning 2010, compared with the figures for 2009, broken down by area of business are shown below (values in K Euro).

Group Exprivia (value in K €)	31/12/2010	31/12/2009	Variation %
Projects and services	77,953	69,860	12%
Maintenance	5,870	5,472	7%
HW/SW third parties	6,072	5,606	8%
Own licences	4,807	3,564	35%
Other	1,960	1,234	59%
Total	**96,662**	**85,737**	**13%**

BANKING, FINANCE AND INSURANCE

As at 31 December 2010 the Business Line of Banks, Finance and Insurance achieved revenues amounting to approximately Euro 11.6 million, up 15% from 2009, confirming and maintaining the positive trend already starting in Q2 2010.

Notwithstanding a reference market that is still in decline, the Business Line benefited from the overhaul interventions of our range of services which began in the first quarter of 2010 and made it possible to achieve better results than in 2009, even exceeding the results of 2008 (which saw a significant increase in total sales). One reason for this result was the acquisition of new customers in Italy and abroad.

In the Credit Area we saw confirmations and new customers (on the domestic as well as the international market) for credit screening and decision-support solutions as well as new solutions for monitoring and the BPM, as well as the product CONTMAN (for the generation and automatic management of contract forms) developed in 2010 and already adopted in a prominent foreign bank. The acquisition of new contracts for risk management should also be pointed out, as they confirm our capacity to act in this business as a supplier of solutions as well as a reference consulting partner.

The Finance area shows growth consistent with the general growth of the Business Line through the consolidation of the Competence Centre model which makes it possible to provide effective and efficient services with important effects on the reduction of TCO (Total Cost of Ownership) of customers' applications platforms.

The quality of existing collaborations in 2010 with our acquired references was demonstrated not only by the increase in overall volumes but also by the role acquired by Exprivia as a strategic consultant which enabled it to be involved directly in the strategic decisions regarding the development of its institutional customers.

In this area a vital role was also played by the strengthening of the relationship with our principal partners and in particular with MUREX, with whom we started a high profile plan that will allow us to reinforce our presence in all the evolved projects of this platform in Italy and abroad.

Moreover, in the second six month period of 2010, Multi-Channels defined a strategy for positioning a targeted offer in the sphere of *Internet banking 2.0* and *Mobile* in which our customers showed interest.

Finally the area of Management Support developed trade initiatives in the management of infrastructure and started major projects for the management of internal threats to Data Security, based on the Cyber Ark platform. In 2010 we also saw intensive sales and marketing activity focused on the "PIM solution for the management of Privileged Passwords" which made it possible to acquire new banks (the first is small but the second is one of the major Italian groups) which proves the validity of the product and the competence of Exprivia in managing it.

INDUSTRY AND MEDIA

The **Industry and Media** Business Line produced an excellent income result in 2010 with a turnover exceeding 13 million, equivalent to 13% of growth from 2009, an even more positive figure when compared to the general trend of the industry market which dropped by about 4% from the previous year.

The substantial increase in income can be attributed by 8% to the activities of the Business Line, in addition to the contribution in the first few months of 2010 of the newly acquired Datilog, a company specialised in solutions for the operational management of warehouses.

The results were attained through the increase of services provided to current customers as well as the acquisition of new references in Energy & Construction, Food, Logistics and Defence, which reflects a highly competitive and targeted offer to meet the needs of the reference market.

The sales activities focused on specific clusters defined both by geographic location and commodities sector. In particular, the segments targeted in 2010 were Logistics, Engineering & Construction, Aerospace, Consumer Products (especially Food and Fashion), Retail and Wholesale, Professional Service, Discrete. In each of these segments business opportunities were developed that made it possible to generate an interesting pipeline also for 2011.

The sales strategy of Business Line focused on the **integration and modularity of the offer** as well as the "structured" provision of services in the **nearshoring** modality.

As regards the first aspect, the Industry area structured a competitive offer that covers a multiplicity of application areas: ERP and Extended ERP, BI, SOA and MES solutions and infrastructural areas: services of IT Management, server consolidation and virtualisation, storage infrastructure.

Moreover, the proper positioning of the nearshoring activities from our Italian factories made it possible to ensure high standards of quality in terms of service level thanks to an efficient work organization and economic competitiveness.

The results achieved and the relative position acquired by Exprivia on the Industry market allows us to foresee for 2011 a strategy of local/regional growth in areas where the group currently has a limited presence (e.g. in Triveneto) and the further expansion of our offer portfolio, in line with the three-year industrial plan.

The development of real-time systems for the Defence contracts were particularly important, continuing the positive growth trend of the past few years and confirming the importance of the technical and process expertise acquired by Exprivia in this market segment.

CPA, TRANSPORT & UTILITIES

As at 31 December 2010 the Business Line **Central Public Administration, Transports and Utilities** attained annual revenues of Euro 14.1 million, down 4% from 2009.

The composition of the revenues saw an increase in the core component of services at 6%, more than compensated by the cancellation of the components of maintenance and sale of third-party software, segments that the Business Line decided (at the end of 2009) to no longer deal with because it was considered to have a low margin and because the procurement policy of new contracts required the direct demand of software and the relative maintenance directly from the producers of that software.

The Business Line achieved encouraging results in the year in terms of strategic positioning (for visibility, delivery capacity, authoritativeness of representatives and quality of the sales force) in the target market as well as core businesses that prominent organisations outsourced to Exprivia, among which Enel, Italferr, Sogei, Terna, Poste Italiane.

A deciding factor for these customers turned out to be Exprivia's capacity to create alliances and aggregations between small and medium ICT enterprises with whom we worked to chip away at the hegemonic positions of the companies who historically dominate the public procurement market.

The good results in the reference sector are unfortunately partially thwarted by a series of opposite phenomena, among which the postponement to 2011 of the start of some importance jobs awarded in 2010 and the reorganisation processes that certain important customers launched to confront the crises. Some of the latter consisted of:

- the consolidation of suppliers on a "short list"
- the significant reduction of rates in relation to the service requested

OIL, GAS AND TELECOMMUNICATIONS

In 2010 the Business Line **Oil, Gas and telecommunications** obtained total revenues of Euro 11.8 million, down 7% from the previous year. Nonetheless in 2009 extraordinary HW and product retail operations were realised, but these could not be confirmed again in 2010: net of the aforesaid operations, the variation in revenues from the previous year would have been - 4%.

The negative variation can be attributed mainly to the portion of revenues deriving from the professional services provided to customers because they reduced their outsourcing to cope with the economic downturn and overstaffing. This variation was absorbed for the most part by the consolidation of direct customers acquired in spite of the downward trend of average rates.

2010 saw us involved in the consolidation of new strategic partnerships to activate offers related to IT security products in the Telecom area and professional services in the Oil & Gas industry. Some of these partnerships produced results already in 2010 (security products in the Telecom area) while others will generate commercial returns in the next three years.

HEALTH AND LOCAL BODIES

The Business Unit **Health & Local Bodies** continued to gain positive results in spite of the ongoing market difficulties and budget restrictions suffered by the regions and health institutes, confirming a substantial countertrend.

The total value of the activities in this BU increased by about 20%, growing from 34 million in 2009 to 40 million in 2010.

This important result was achieved through remarkable organic growth in addition to the consolidation of the Aurora company branch acquired for the entire year. This company business was acquired on 1 June 2009 and had therefore contributed to the revenues of 2009 for only seven months. It should be pointed out that the revenues of GST were also consolidated in the Business Unit. GST is a company specialised in voice-recognition for health applications that contributed about Euro 1.9 million (resulting in a 9.5% increase in revenues with respect to the previous year).

In addition to this, the components with the largest volumes in the Business Unit activities showed an entirely satisfactory trend. The revenues of Svimservice SpA contributed 50% to the total turnover of the Business Unit, earned by continuing the multi-annual contracts in progress.

In particular we would like to mention a positive result of the division dedicated to local bodies which, in addition to clinching a major contract from the City of Milan, generated a series of important opportunities that promise developments for 2011. The Medical sector obtained remarkably strong results in 2010, with an increase in revenues from Euro 6.9 million in 2009 to Euro 10.7 million in 2010 (+ 55%); 2010 also marked the loyalisation of important public customers (e.g. the Local Health Institute of Asti and many local areas of the Regione Marche) as well as private entities (such as IRCCS Fondazione Santa Lucia of Rome and numerous minor structures).

A more detailed analysis of the results shows that in 2010 the revenue items that contributed to greater increases percentage wise with respect to the previous year, were the sale of our licenses and the retail sale of third-party hardware and software (+ 41%), and this demonstrates that Exprivia continues to affirm its pursuit as a global supplier for hospitals and health facilities.

In 2010 the Business Unit also benefited from the results obtained through a redefinition of the business offer of the area, the fruit of a perfect integration of Exprivia solutions for diagnostic digital imaging with the products portfolio of Svimservice and Aurora. This allowed the Group to participate in big tenders which demanded a complete proposal in terms of solutions as well as the capabilities to ensure the complete realization of the project.

Two examples of these results were the award of an important supply contract and multi-annual management for the Hospital IT System of the Local Health Institute of Asti, having strategic importance for the Northwest of Italy, and the award of a supply contract for the IT system of the IRCCS Fondazione Santa Lucia of Rome, a prestigious research institution that studies rehabilitation, including management and clinical components as well as components for the management of clinical images.

Development activities abroad continued in 2010, particularly in Latin America, which allowed us to locate additional strategic partners in Brazil and Mexico and opened new and promising opportunities that we plan to pursue further in 2011. We also established business contacts in Eastern Europe and the Middle East.

Lastly, the activities to build a network of agents and retailers were continued in areas of Italy which until now had not been well covered by the direct sales force, whose activities are contributing to the excellent results obtained.

SPAIN AND CENTRAL AMERICA

In this area we reap the contributions to our turnover from Exprivia Sl and the newly acquired Prosap.

As regards Exprivia Sl, the Spanish company of the Group that works mainly with health, its contribution to revenues was approximately Euro 2 million, a result that has grown over 65% since 2009.

As regards ProSAP, the results of 2010 as a whole presented revenues for approximately Euro 4.5 million (of which only Euro 1.2 million earned in the Q4 of 2010 were consolidated in the financial statements of the Exprivia group) up 15% from 2009 and an improvement in the margin that reached an EBITDA of approximately Euro 300K, higher than the forecasts of the ProSAP Group business plan.

In Spain, revenues and the margin are growing thanks to the reduction of indirect sales (today 51% of the total) in favour of direct sales to end-users. Major new customers were acquired and the company qualified as of the official supplier for customers such as Repsol, ISBAN (Banco di Santander), the Public Administration of Catalonia and HP Europe.

New major customers were also acquired in Mexico and Guatemala, such as Servicio Continental de Mensajería (the largest private postal service company), Servicios Dinex (a construction company in Monterrey) and Desarrollos Comerciales de la Península (one of the most important companies in the region of Mérida). ProSAP was also homologated as the official supplier of the IBM (for Websphere technologies and SOA – Service Oriented Architecture services), IECISA Mex (Informatica El Corte Ingles for the public administration), Abengoa Mexico.

Significant Group figures and result indicators

The table below gives a summary of the main consolidated economic, capital and financial data of the group as result from the balance sheet, compared to the figures of 31 December 2010 and 31 December 2009.

The figures shown below for 2010 include those of the Exprivia Group in its current consolidation area, including the subsidiaries Datilog S.r.l. (starting in 01 January 2010) and those of the ProSap Group. (starting in 01 October 2010).

	31.12.2010	31.12.2009
Total production revenues	100,045,888	90,119,447
net proceeds and variation to work in progress to order	96,662,179	85,736,766
increase to assets for internal work	1,236,959	1,776,928
other proceeds and contributions	2,146,750	2,605,753
Difference between costs and production proceeds (EBITDA)	15,252,445	14,572,599
% on production proceeds	15.25%	16.17%
Net operating result (EBIT)	11,877,425	11,169,333
% on production proceeds	11.87%	12.39%
Net result	4,929,299	5,042,045
Group net equity	65,790,184	61,262,387
Total assets	174,380,060	159,953,440
Capital stock	26,979,658	26,368,918
Net working capital (1)	37,696,763	31,436,241
Cash flow (2)	7,826,201	7,628,954
Fixed capital (3)	82,650,489	80,140,699
Investment	4,924,367	4,817,052
Cash resources/bonds (*a*)	7,276,753	5,988,680
Short-term financial debts (*b*)	(24,002,467)	(26,497,575)
Medium-/long-term financial debts (*c*)	(23,031,905)	(18,749,611)
Net financial position (4)	(39,757,619)	(39,258,506)

(1) - **The "working capital"** is calculated as a sum of total current activities,
less cash balance, less total current liabilities plus debts with banks within current
(2) - **The Cash flow** is caluclated as the sum of the net result adjusted for amortisements
variations in TFR
(3) - **The "capital assets"** are equal to total non-current activities
(4) - **Net financial position** = a - (b + c)

The table below shows the principal economic indicators of the Group for 2010 compared to 2009.

Exprivia Group	31/12/2010	31/12/2009
Index ROE (Net income / equity ca|	7,49%	8,23%
Index ROI (EBIT / Net Capital Inves	11,17%	11,62%
Index ROS (EBIT / Revenues)	13,93%	14,34%
Financial charges / Net profit	40,46%	43,96%

The table below shows the principal capital and financial indicators of the Group as at 31 December 2010 and as at 31 December 2009.

Exprivia Group	31/12/2010	31/12/2009
Net Financial Debt / Equity Capital	0,60	0,64
Debt ratio (Total Liabilities / Equity Capital)	2,65	2,61

The Exprivia Group closed 2010 with **a consolidated production value** of Euro 100 million(+11.2% since 2009), an **EBITDA** of Euro 15.2 million (+4.7% relative to 2009), an **EBIT** of Euro 11.9 million (+6.3% since 2009) and a **pretax profit** for the Group of Euro 9.9 million (+ 9.4% with respect to 2009). The **EBITDA margin** is 15.2% whereas **the EBIT margin** is 11.9%.

These results were attained in a reference market that in 2010 featured an overall stagnation in investments and saw a continuation of the trend to cut costs already started by our customers in previous years. The Exprivia Group was able to improve revenues due to the growth strategy implemented in recent years, which allowed it to enter new market sectors and increase the loyalty of its customers. This was complemented by careful cost management and innovative productive processes (based on Competence Centres and nearshoring), enabling us to enhance the supply of services to customers. We believe that this corporate context is an indispensable basis to implement the three-year development plan recently announced to the market, which in 2013 will result in doubled revenues for the Group while preserving the current profitability margins.

Furthermore, in 2010 the Group continued to develop its international standing both by being awarded orders especially in the health sector as a *global IT vendor*, and through the acquisition of the company Prosap, present with its production and commercial units in Spain, Mexico and Central America.

The **consolidated net financial position** as at 31 December 2010 was Euro -39.7 million, compared to Euro -39.2 million as at 31 December 2009, an improvement of Euro 0.8 million compared to 30 September 2010 and it consists of medium long-term debts (60%) and financing on easy terms. The variation of Euro 0.5 million derives from the positive cash flow of current and financial assets amounting to Euro 4.6 million, and from the investments of 5.1 million. Furthermore, worth noting is the improvement of the ratio between the net financial position and the EBITDA (2.6 in 2010 compared to 2.7 in 2009).
Despite the increase in contract work in progress, up by about Euro 8.7 million, total indebtedness remained basically stable due to the prudent management of the net working capital.

The **Group's Net worth** as at 31 December 2010 is expected to stand at Euro 65.7 million compared to Euro 61.3 million as at 31 December 2009.

Investments

REAL ESTATE

All the real estate of the Group is in the name of the Parent Company Exprivia S.p.A.

The property in Viale PIO XI 40 in Molfetta (BA) consists of two rooms totalling about 120 m2.

The Company's current registered office, situated in Molfetta (BA), Via Adriano Olivetti 11/a, extends on a surface area of about 8000 m² on which there is a complex of buildings (made up of four blocks, three of which are multi-story). All of these are office space and warehouses for a net total of approximately 5000 m² of office space.

Training programmes on the most modern IT technologies for large groups of people are organised and created in the Molfetta office. The strategies of the evolution of the expertise of technical staff, both internal and that of customers, are based on the aim of continuous professional updating.

The areas for IT instrumentation, equipped with advanced security systems, are perfectly able to host not only the current equipment necessary for the management and evolution of the Group's infrastructure and R&D Laboratory, but also additional IT systems used to offer the market complete solutions for outsourced development projects and management with the most evolved security systems and non-stop operation.

RESEARCH & DEVELOPMENT

The crisis currently affecting the global economy, characterised by great uncertainty, is forcing companies to adopt effective actions and countermeasures, able to withstand the consequent negative impacts on production and turnover. In this context Exprivia confirms its commitment to Research and Development, meant as one of the key factors towards the innovation of the range and therefore the growth of the entire group.

First and foremost 2010 witnessed the approval of two research projects, in the area of domestic financing *Industria 2015-Made in Italy* and *Regional Program Contracts* funded by Regione Puglia.

The first project **LOGIN** - Integrated LOGistics, presented jointly with expert partner groups in the reference sectors, has the aim to develop a system that intervenes in specific industrial processes of various, thereby harmonising the processes of the single production units in the acquisition of raw materials and the handling of the product until delivery to the customer.

The second project, funded regionally, is **SDI** - *Service Delivery Improvement*, and its purpose is to activate an improvement in quality of the IT services supplied by Exprivia to its clientele, as an effect of the ongoing improvement of processes underlying such services (CMMI), and the simultaneous adoption of new delivery paradigms: SaaS and AMS Factory.

Alongside the two projects that were just approved, the research project work started continued in 2009 as part of Industria 2015 - Mobilità sostenibile, the project **SLIMPORT** – Security, Logistics, InterModalità PORTuale – which hinges on the realization of an innovative port area project that integrates modular solutions based on technological info-telematic components, sensor systems, aimed at making the operative processes in the transportation of goods and passengers efficient in the last mile by sea and the first mile by land. In this context, Exprivia will be the partner responsible for the sub-project SLIMSAFE which is aimed to develop an intelligent, modular and scalable platform to analyse, shape and supervise port activities. The identification of potentially dangerous processes and critical points in the performance of the work will allow the Slim-SAFE module to manage said dangers and problem areas in order to reduce the probability of an accident and the magnitude of the effects. The leader of the whole SLIMPORT project is Elsag Datamat S.p.A.

The activities on the other two research projects started in 2009, "**LAB GTP**", and "**La qualità distintiva del Made in Italy**", [Distinctive Quality of Made in Italy], due to bureaucratic-administrative issues not depending on the company, have undergone a slowdown that will require a postponement of the project timeline.

As regards the presentation of new proposals, 2010 saw the presentation of certain research projects under the domestic funding program PON (Programma Operativo Nazionale "Ricerca e Competitività" 2007-2013) [National Operative Program "Research and Competitiveness" 2007-2013]. For these projects we are awaiting the assessment of the competent authorities:

Puglia Digitale 2.0 (PON 2007-2013). Here the intention is to strengthen and value the Apulian sector of software companies participating in the Productive District of regional IT by creating an organised supply chain of "digital services" to seize the opportunities offered by the new paradigm of creation, integration and distribution of software applications referred to as SaaS (*Software as a Service*). Exprivia, coordinator of the entire project, in particular will create a pilot of applications for *Città Intelligente* in Bari, with free WiFi hotspots, and Mobile services for Tourists, the elderly and citizens in general.

MEDICAL (PON 2007-2013). The intention is to create *Medical Imaging 3D* to enhance the Exprivia RIS/PACS solution. Exprivia is also the leader of Medico.

In the same area Exprivia also participated as a partner in the presentation of four more research projects,, three regarding agrifood and one for cataloguing and monitoring cultural assets.

Other initiatives in PON, but this time regarding the development of actions known as "*Hi-tech districts and relative networks*" and "*Public-Private Laboratories and relative networks*" (Axis I - Support for structural changes), at the end of 2010 Exprivia started participating in the drafting of various proposals for the development and reinforcement of Hi-tech Districts and Public-Private Laboratories which the company belongs to: the District Di.T.N.E. S.c.r.l.,(Distretto Tecnologico Nazionale sull'Energia), based in Brindisi, and the Laboratory LAB GTP, based in Naples.

Exprivia will also participate in drafting a series of proposals dedicated to creating *new Districts and/or Public-Private Combinations* in the Health fields, services for the elderly and disabled (Inclusion), agrifood, business services through the use of technological innovations in the ICT sector.

Finally we are glad to announce the definition of the Exprivia research framework program for the next few years, the "*Citta' Digitale 2.0*", which proposes the corporate vision for improving the quality of urban life through *ICT*- based services aimed at supporting and facilitating the daily life of citizens. The partnership ratified in December 2010 between Exprivia and CISCO, a world leader in a the supply of network solutions, joined the shared vision of the two companies and defined the intention to work together for using technology as a fundamental and indispensable instrument for the realization of an "intelligent city" model for our urban areas, starting with the infrastructure that already exists.

Events and sponsorships

In 2010 the Exprivia group participated in and sponsored numerous initiatives that are summarised below.

- Exprivia was present at the GST Srl exhibition space at the **ECR 2010 "European Congress of Radiology"** held in Vienna from ***4-8 March 2010***. The products of the Exprivia Group dedicated to diagnostics imaging were presented at the exhibition.
- Exprivia attended the **"Star Conference 2010"** held in Milan on 18 March. The event was organised by the Italian Stock Exchange and it allowed Exprivia to make direct contact, through one-on-one dialogues, with prominent international Institutional Investors .
- On ***21-23 April 2010*** Exprivia and Datilog participated in **SAP – LOGISTICS AND SUPPLY CHAIN MANAGEMENT 2010,** an international event focusing on the topics of logistics and expressly aimed at the SAP community.
- On ***4-5 May 2010*** Exprivia sponsored the event organised by ABI titled **"Basel 3 - Banks and enterprises on the road to 2012"** which was held in Rome.
- On***18 May 2010*** Exprivia was present at the the roundtable organised by the Entrepreneurs Cultural Club of the Italian Employers' Federation , titled ***"Siete in crisi? Assumete un artista".***
- On ***20 May 2010*** Exprivia participated in the seminar of Confindustria Bari titled "***The flywheel of broadband. Competitiveness and benefits for the entire Apulia Region"***. During the seminar there was a presentation of the DVD, sponsored partially by Exprivia, titled "Accipicchia ci hanno rubato la banda larga" [My Goodness, they stole broadband from us] created for the public schools of the Apulia region.
- Exprivia had its own stand at the ***44° Congresso Nazionale della Società Italiana di Radiologia (SIRM)*** held in Verona ***from 11 - 15 June 2010***, at Verona Fiere. At the Congress, Exprivia presented its range of health service solutions with a focus on innovations in radiology.
- As part of the events calendar "The Clear Roadshow" of SAP Italia, Exprivia and Datilog organised a workshop titled ***"SAP EWM: the new SAP solution for warehouse management and optimisation of the Supply Chain"*** On ***29 June*** at the Istituto Piero Pirelli, viale Fulvio Testi 223, Milan.
- Exprivia sponsored the event ***"Radiologia sotto i portici"*** held on ***20 and 21 September*** in Bologna The event was an important occasion for exchanging ideas with all the operators of Radiology and Radiodiagnostics regarding scientific subjects, risk management, organisational and administrative issues, as well as relations with the institutions.
- Exprivia participated in the event ***"Forum Banca 2010"*** which was held on ***28 September*** at the Atahotel Executive of Milan. Exprivia had its own exhibition stand where it presented all of the innovations of the Group for the banking industry with proposals for the the areas of credit, finance, infrastructure, multi-channels and security.
- Exprivia attended the **"Star Conference 2010"** held in London ***on 7 October*** . The event was organised by the Italian Stock Exchange and it allowed Exprivia to make direct contact, through one-to-one dialogues, with prominent international Institutional Investors.
- Exprivia participated in the event **"La gestione digitale della Diagnostica per Immagini: RIS, PACS e sistemi informativi ospedalieri e del territorio"** held in San Severo (FG) on ***22 and 23 October*** the convention organised by the Local Health Institute of the Foggia Province, closely examined the offers and prospects of RIS-PACS-HIS ed. Exprivia gave a talk titled: "L'offerta Exprivia per l'imaging diagnostico e per l'informatizzazione delle aziende sanitarie" [Exprivia's offer of services for diagnostic imaging and the computerisation of Health Institutes.]

- Exprivia sponsored to the event "**TecnologyBiz 2010**" held in Naples from ***27 - 28 October 2010.*** Exprivia had its own stand and participated in a roundtable titled "Cultura dell'innovazione. Reti d'Imprese".
- On***29 October 2010*** Exprivia sponsored the event **"Approvvigionamenti e Fatturazione Elettronica in Europa"**.
- From ***15 - 19 November 2010*** Exprivia, along with GST, was present with a stand at the event **IFHRO 2010** held in Milan. The 2010 edition of the Congress was titled "Better Information for Better Health" and it dealt with hugely important issues for the health and online health sectors in general such as Management of Health Information and Patient Security, the Electronic Health Folder, the Electronic Clinical Folder, the Patient's Health File, etc.
- Exprivia participated in the event for presenting the project **ItaliaCamp** which was held at the University of Salento in Lecce on ***20 November 2010***.
- Exprivia sponsored the book **"Giovani e Futuro"** published by the Fondazione Banca Europa. The book, which was presented in Milan on ***23 November 2010***, is a collection of contributions by eminent personages of contemporary Italy who set out to propose their vision of youth and future prospects for development. The book also contains a contribution by Domenico Favuzzi, Chairman and CEO of Exprivia.
- On ***23 November 2010*** Exprivia participated in the **"5° Forum Risk Management in Sanità"** held in Arezzo. The event, which was promoted by the Istituto Superiore di Sanità, the Fondazione per la Sicurezza in Sanità and the Istituzioni Nazionali e Regionali, is the annual appointment for exchanging knowledge about the topic of Risk Management. Exprivia was present with its own stand where it presented its range of products and services for the Health sector.
- Exprivia, along with Cisco, was present at the **Festival dell'Innovazione** held from ***1 - 3 in December 2010*** at the Bari Fair. On the occasion of the fair, Exprivia and Cisco presented their project for**"Città Digitale 2.0"** which was analytically illustrated in a workshop planned for that purpose on ***2 December.*** Exprivia and Cisco attended the event with a stand where they explained the details of the new strategic project.
- Exprivia sat at the roundtable for the presentation of the workgroups **Assinform per Expo 2015** held in Milan on ***2 December 2010***.
- For the fifth consecutive year, the company again gave support to 100 orphans in Mozambique, as part of its participation in the Orphan Project of HUMANA People to People Italia ONLUS in Maputo.

RISKS AND UNCERTAINTIES

INTERNAL RISKS

RISKS RELATED TO THE EMPLOYMENT OF KEY STAFF

The success of the Exprivia group mainly depends on some key figures, such as the chairman and executive directors of the parent company Exprivia S.p.A., who have contributed to its development in a decisive manner.

In addition, the Exprivia group has senior managers with many years' experience in the sector, with a decisive role in the management of the company's activities.

The loss of the services of one of the so-called key figures without an appropriate replacement, and also the inability to attract and keep new qualified resources, could have negative effects on the prospects, the activities as well as the economic and financial results of the Exprivia Group.

The management believes, however, that the Exprivia Group has an operational and senior manager structure able to ensure continuity in the management of the company's business. Further, the Group adopted a stock option plan as a loyalty-inducing tool to keep the most able and merit-worthy human resources.

RISKS RELATED TO DEPENDENCY ON CUSTOMERS

The Exprivia group offers services to companies operating in different markets (Health, Central and Local Public Administration, Finance, Telecom & Media, Manufacturing, Oil & Gas and Utilities).

The revenue of the Group is well distributed over different customers but, nevertheless, the withdrawal of certain leading customers from the portfolio could weigh on the economic, capital and financial situation of the Exprivia Group.

RISKS RELATED TO CONTRACTUAL COMMITMENTS

The Exprivia group develops high value solutions with a high technological content and the relative underlying contracts may provide for the application of penalties for compliance with the stipulated terms and quality standards. The application of these penalties could have negative effects on the economic and financial results of the Exprivia Group.

The Group has also signed insurance policies with leading insurance companies, considered adequate to safeguard itself from the risks arising from professional responsibility (the so-called policy covering "all IT risks"). Moreover, if this cover was insufficient and Exprivia group was required to repay damages for an amount higher than the planned maximum limit, the economic, capital and financial situation of the Exprivia group could suffer significant negative effects.

RISKS CONNECTED TO INTERNATIONALISATION

The Group, as part of its internationalisation strategy, could be exposed to typical risks deriving from the performance of the business at an international level, which include changes in politics, macro-economic, taxation and/or regulations, as well as currency variations.

EXTERNAL RISKS

RISKS ARISING FROM THE GENERAL CONDITIONS OF THE ECONOMY

The Information Technology market is naturally linked to the trend in the economy.

An unfavourable economic phase, particularly at a domestic level, could slow the demand with the resulting capital, economic and financial impact.

RISKS CONNECTED TO IT SERVICES

The ICT consulting services sector in which the Exprivia group operates features fast and profound technological changes and constant evolution of the composition of the professionalism and competencies to collect in the creation of the services, with the need for the continuous development and updating of new products and services.

The Exprivia group has always been able to anticipate these changes, and being ready for the needs of the market, also because of conspicuous investment in research and development.

RISKS CONNECTED TO COMPETITION

The intensification of the level of competition, also linked to the possible entrance of new entities with human resources and financial and technological ability which can offer greatly more competitive prices could condition the work of the Exprivia group and the possibility of consolidating or extending its competitive position in the reference sectors with the resulting repercussions on the work and the economic, capital and financial situation of the Exprivia group.

RISKS CONNECTED TO THE EVOLUTION OF THE LEGISLATIVE FRAMEWORK

The work carried out by Exprivia group is not subject to any particular sector legislation.

FINANCIAL RISKS

INTEREST RATE RISK

Over the years, Exprivia group has contracted various loans including some medium-long term at a fixed, facilitated rate, linked to financed research and development projects. Concerning variable rate loans, the company stipulates *interest rate swap* type derivatives hedging agreements with the aim of reducing the risk of oscillations in rates.

The details relating current loans, the related hedging and their assessed effectiveness are given in the notes to the financial statements.

CREDIT RISK

Exprivia group does not have significant concentrations of credit risks except for the work carried out in the Public Administration sector for which delays are conceded mainly linked to the payment policy adopted by public bodies. These often do not respect the conditions set out in the contracts but, nevertheless, do not lead to the risk of bad debts.

The group also manages this risk through the selection of counterparts considered to be solvent by the market and with high credit standing.

All the credits periodically undergo an analytical assessment of each individual customer, proceeding to depreciation in cases in which a possible loss of value is prospected.

All the details relating to commercial credits are given in the notes to the financial statements.

LIQUIDITY RISK

Prudent management of the liquidity risk is pursued by monitoring cash flows, financing needs and the liquidity of the Exprivia group with the aim of ensuring valid management of financial resources through the opportune management of any surplus liquidity or surplus that can be liquidated, and the subscription of appropriate credit lines, including short-term ones.

EXCHANGE RATE RISK

The preponderance of work conducted in the ‘Euro area’ by the Exprivia group limits exposure to foreign exchange risks arising from operations in different currencies from the functional one (Euro).

Significant events

COMPANY EVENTS

On **20 April 2010** the Shareholders' meeting of Exprivia SpA met on first call to approve the financial statements at 31/12/2009 and the distribution of a dividend equal to Euro 0.04 per share.

The same meeting renewed the authorisation to buy and sell own shares and appointed Mr. Giorgio De Porcellinis as non executive director of the company.

The Board of Directors of Exprivia subsequently qualified Mr. De Porcellinis as “Independent Director” instead of non executive, pursuant to art. 3 of the Self-discipline Code.

On **21 October 2010** the BoD of Exprivia S.p.A. approved the 2013 industrial plan of the Exprivia Group, which provides for the doubling of revenues to Euro 200 million, increased margins and reduced debt; in addition to the internal growth in the domestic market, the plan envisages a strong contribution from the expansion into foreign markets and the purchase policy. (for more details please refer to the paragraph “business outlook”)

On **14 December 2010**, the BoD of Exprivia S.p.A. approved the proposal to amend the company’s articles of association and the meeting regulation in compliance with Legislative Decree no. 27 of 27 January 2010, and the new provisions concerning operations with correlated parties introduced by the regulation issued by the Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments and integrations.

ACQUISITIONS/SALES IN THE SPHERE OF THE EXPRIVIA GROUP

On **9 March 2010** the purchase by Exprivia SpA of 52% of Datilog Srl, a company specialising in WMS (warehouse management system) solutions was perfected..

On **20 August 2010** the company AISoftware Professional Service Srl, upon the request of the liquidator, was struck from the company register.

On **30 September 2010** Exprivia perfected the purchase of another 218,607 shares of the company ACS S.p.A. from Infusion 2002 Ltd; this purchase will mean an increase in the stake in ACS S.p.A. from 7.7% to 16.21%. The cost of the transaction was Euro 185,000, which is Euro 15,000 lower than the amount originally provided for in the contract signed on 23 July 2010.

On **26 October 2010** Exprivia perfected the purchase of 51.12% of ProSAP s.l., a leading Spanish company of a group of companies also operating in Mexico and Central America, specialised in consultancy and system integration on SAP systems.

On **20 December 2010** Exprivia transferred its shares in MO.M.A. Srl, equal to 1.1679 % of the share capital.

STOCK OPTION PLAN

In **January 2010** the subscription of option rights assigned with the first package was started. As at **30 June 2010** 1,174,500 new Exprivia shares had been subscribed and paid up, for a nominal value of Euro 0.52 each.

Following this subscription, the share capital of Exprivia at 30 June 2010 amounts to Euro 26,979,658.16 and is subdivided of 51,883,958 ordinary shares, all of a nominal value of Euro 0.52.

The table below shows the main elements underlying the fair value assessment of the option rights assigned with the third and fourth tranche.

Description	III tranche	IV tranche
Share price	1.6582	1.5770
Option price	1.6582	1.5770
Duration of option (years)	3.40	3.30
Volatility	62.12%	60.45%
Risk-free rate	4.00%	4.30%
Dividend Yield	0	0
Fair value option	0.7742	0.7139

Events after 31/12/2010

There are no important events.

Stock market performance

Exprivia shares have been listed on the Electronic Share Market of Borsa Italiana (Italian Stock Exchange) since August 2000 and since 28 September 2007 Exprivia was moved to the STAR segment.

51,883,958 shares constitute the Share Capital as at 31 December 2010 with a nominal unit value of 0.52 Euro.

Stock Exchange ISIN code: IT0001477402

Code: XPR

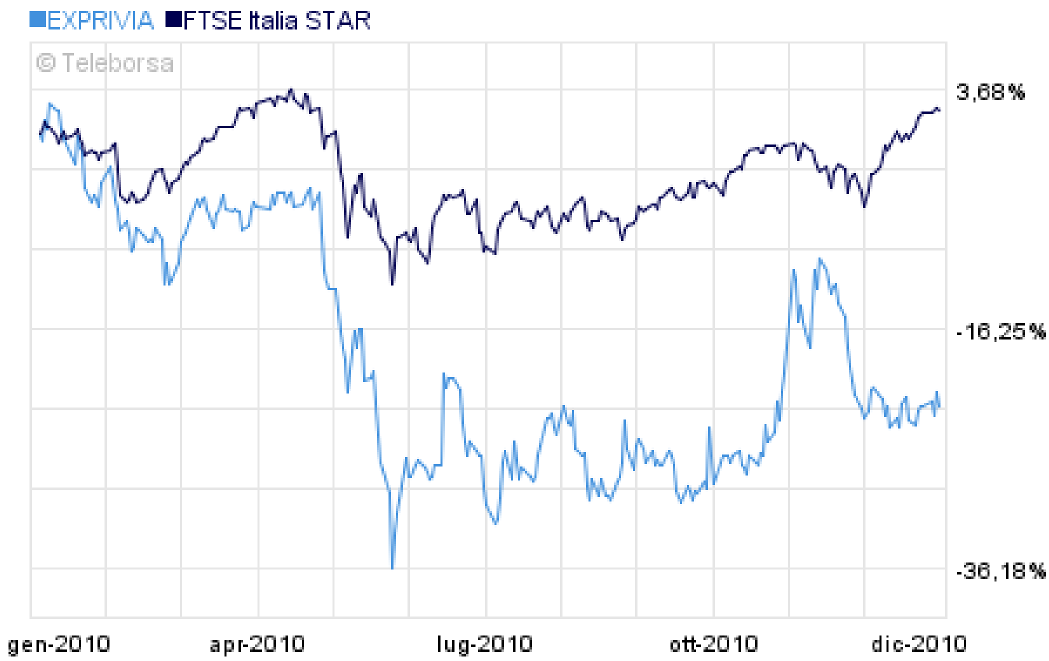
Specialist Centrobanca

COMPOSITION OF SHAREHOLDERS:

On the basis of the entries in the shareholders' register, as supplemented by communications received in accordance with art. 120 of the TUF and available information, as at 2 March 2011, the shareholder structure of Exprivia was as follows:

Shareholders	Shares	%
Abaco Innovazione S.p.A..:	25,612,277	49.36%
Merula S.r.l:	2,794,207	5.39%
Data Management S.p.A.:	1,055,011	2.03%
Other shareholders (< 2%):	*22,422,463*	43.22%
Total Shares	***51,883,958***	***100%***

LISTING PERFORMANCE:



The graph shows the performance of the Exprivia listing with the FTSE Italia Star index in the period January-December 2010.

HUMAN RESOURCES

STAFF

The following table summarises the staff situation of the group at 30 December 2010 compared with the period at 31 December 2009.

Company	Employees 31/12/2010	Employees 31/12/2009	Collaborators 31/12/2010	Collaborators 31/12/2009
Exprivia S.p.A.	611	550	41	52
Wel.Network S.p.A.	105	115	3	1
Svimservice S.p.A.	256	272	1	2
Exprivia Solutions S.p.A.	102	88	22	14
Exprivia SL	10	9	3	3
Exprivia Projects S.p.A.	74	103		
GST Srl	14	16	1	
Network Services Srl				
Datilog	4		2	
Prosap	105		1	
InFaber Srl	19	16	1	1
Spegea S.c. a r.l.	12	12	7	1
Total	**1312**	**1181**	**82**	**74**
of which senior managers	*27*	*24*		
of which middle managers	*112*	*111*		

At 31 December 2010 there were 1,312 employees in the group, compared to 1,181 of the end of 2009.

MANAGERIAL TRAINING AND DEVELOPMENT

As already mentioned in other paragraphs of this Report, Exprivia considers its employees as “its main force”, therefore the Group undertakes to maximise the value of its resources with all the tools available.

The role of the Organisational Development department in 2010 was to provide a new suitable support to all the other departments of the Group, focusing on the internal organisational development, through the optimal use of the existing resources and new resources to be promptly employed in the field.

The Organisational Development department, with the aim of being a flexible, competitive and well integrated structure, worked in parallel and close integration with the Group's Human Resources division, redefining and increasing the operating tools such as the identification and management of talent, technical and managerial training, bonus systems.

The number of activities created during the year may be subdivided into two areas of intervention:

A) The corporate training area

B) The personal development area

Concerning the first, training features the creation of specialist refresher and specialisation training courses aimed at employees working in the Technical Divisions.

Many of the training projects were managed by Spegea S.c.a r.l., a company of the Exprivia Group specialised in training.

In 2010 more than 14,000 hours of training took place that concerned the participation of 668 employees, with a significant increase compared to the previous year. The training courses mentioned involve participants coming from all the Group companies and therefore encourage integration among different organisational cultures.

The investments in training were increased from 228,000 euro to 257,000 euro.

During 2010 the Group's employees took certification exams and in total 500 certifications were obtained of a technical and/or professional nature compared to 110 of the previous year.

The following table summarises and compares the data of the last two years.

Activities	2009	2010
Number of training hours	17376	14,138
Number of participants	518	668
Certification exams passed	110	496
Cost of the training provided	€ 228,729.00	€ 257,608.90
Total cost of training provided and certificates	***€ 257,605.00***	***€ 348,185.90***

As regards the second the area of intervention, we must further distinguish between two types of activities: performance management and developing talent. Today the best companies in any sector are distinguished for having been able to develop and effectively put into practice merit-based approach that values the contribution that individual workers gave to the unit they are part of. Therefore we worked on:

- the capacity to evaluate worker performance through objective measuring instruments, known and recognised (i.e. known and shared).

- the capacity to recognise and attribute rewards individually apportion it to the merits of the individual, to the increasing professional skills acquired, and to use the results produced by such a worker that are significant for the company.

In the course of the year we carried out an experiment on 150 employees applying a new system for evaluating individual performance levels by means of and MBO form (management by objectives).

In close connection with the evaluation of personnel, and incentive based system was designed that attributes an individual bonus and responds to us the results achieved by the individual, by his/her organisational unit and by the Company has a whole. This bonus will be correlated to the results reached by the individual and will be sustainable with respect to the company results, preserving the merit-based approach. In the course of 2011 that system will be applied operatively to the entire Group.

Talents Project: a system was experimentally implemented in some company departments to single out individuals with high potential based on an evaluation process that was comprehensive and involved the evaluation of the area of performance and the area of potential. The experiment will make it possible to extend in 2011 to the entire group the instrument for managing talent, also relying on the start of the new performance of valuation system: by optimising the best and most timely use of talent in all points of the organisation such talent is urgently needed.

Organisation model for management and control pursuant to Legislative Decree 231/2001

With effect from 31 March 2008, Exprivia adopted a new Organisation, Management and Control model as per Leg. Decree 231/2001, and has set up a Surveillance Body, appointed for the whole Group, whose members do not cover any administrative role in the Group companies.

This model is integrated with the principles and provisions of the Exprivia Ethics Code. The unique nature of the Exprivia processes government system and policies is thus confirmed, including the development of a company Ethics culture, in full harmony with the behavioural principles of the whole of Exprivia.

The Oversight Body meets periodically and its task, with the support of the Internal Audit and Department of Exprivia, is to verify the functioning of the model, to update and carryout training and information spreading activities. It periodically reports to the Board of Directors on the activity it has carried out.

The last update of the model dates back to 2009 to adapt it to the legislative changes on these matters.

The Organisation, Management and Control model is published on the Company web site in the section *“Investor – Corporate Information Report”*.

Quality certifications of the Group

The Quality Management System, conforming to ISO 9001:2008 regulations, has been operational in Exprivia S.p.A. since 2003. This system enables effective management of company processes, guaranteeing the greatest transparency inside and outside the company.

In the second half of 2010, an audit was conducted to ensure maintenance of the certification which resulted in confirmation of the certification for the three-year period of 2010 – 2012.

In April 2010, Exprivia S.p.A. obtained (1) the ISO 13485 certification, with the following purpose and field of application: “Design, development, marketing and assistance of software products and information systems for the management and archiving of images, records and clinical data,” (2) the product certification in compliance with directive 93/42/EEC, with the following purpose and field of application: “Software and hardware for managing, administrating, viewing and archiving medical images, waveforms and clinical documents”.

The other Group companies with ISO 9001 certifications are: Exprivia Solutions S.p.A., Exprivia Projects S.p.A., Svimservice S.p.A., Wel.Network S.p.A., Spegea S.c.a r.l. and GST Gruppo Soluzioni Tecnologiche s.r.l.

Program Document on Security according to Legislative Decree 196/2003

The Company has updated to the PDS (Program Document on Security), as an obligatory security measure set forth by Rule 19 of Annex B) to Legislative Decree 196/03.

The company PDS consists of a documental architecture broken down into the following parts:

- reference methodological model;
- risk analysis and assessment;
- procedures for managing risks and determining the minimum and most suitable security measures;
- scheduling that training courses on these matters;
- determining data backup and recovery procedures;
- determining job descriptions, operating instructions and codes of conduct.

The Company has put together a system for monitoring the application of the minimum security measures, the description of which is an integral part of the PDS. The operative procedures for the protection of data handling are also the object of monitoring for the purpose of improvements, if needed.

Moreover, for the purpose of optimising the security management procedures, the Company has unified the organisational system according to legal ICT provisions and to prevent computer crimes, according to Legislative Decree 231/01 art. 24 bis and governed by the company's Organisational Model with the protection of data treatment, in cases where both spheres overlap.

Inter-group relationships

The organisational structure functionally integrates all the staff services in the Central Services Division, thereby optimising the operational structures of the individual companies to ensure effectiveness and efficiency in supporting the business of the Group. It consists of the Administration and Finance Division, the Human Resources Division, the Planning and Control Unit, the General Services, Logistics, ICT Infrastructure units, the Quality, Processes and Corporate Information System Unit and the Legal Office.

The Group companies constantly collaborate with each other at commercial, technological and application level. The following are particularly noteworthy:

- widespread use of the specific corporate marketing and communication competencies within the group with the creation of paper, digital and Web promotional material;
- centralised management for the supply of specialist technical resources between group companies to manage critical points in turnover and to give all operational units access to the highly specialist technical competencies;
- coordinated participation by Exprivia in public contract tenders with the contribution of all companies according to the specific competencies.

The table below illustrates the equity relationships between the Companies of the Exprivia Group and its subsidiaries not part of the consolidation area as at 31 December 2010 and as at 31 December 2009.

Description	31/12/2010	31/12/2009	Variation
Farm Srl winding up	20,388	20,388	-
Al Faro Srl winding up	1,100		1,100
TOTAL	*21,488*	*20,388*	*1,100*

Relationships with affiliates and associates

In conformity with the applicable legislative and regulatory provisions, and in particular with:

(i) the new "Regulations on operations with unaffiliated parties -- no. 17221 of 12/03/2010" issued by CONSOB on 23 June 2010;

(ii) the outcomes of the subsequent "consultation" published by Consob last 24 September;

(iii) the Consob notice on the orientation for the application of the regulation published on 24 September 2010;

(iv) Consob notice no. 10094530 on 15 November 2010 with additional clarifications.

the Board of Directors of the Company adopted, on 27 November 2010, a new PROCEDURE FOR OPERATIONS WITH AFFILIATES, with provisions concerning operations with affiliates, in order to ensure transparent and correct, substantial and procedural, operations with affiliates created directly or through companies of the same directly and/or controlled ("Exprivia Group").

This new procedure replaced the one previously in force that had been introduced on 26 March 2007

The operations with affiliates set up by the company are part of normal business management and are regular under normal market conditions.

The procedure for the performance of infra-group company operations and other affiliates is published on the company site in the section *“Investor – Company Information”*.

The table below highlights the payables and receivables and the costs and revenues of both a commercial and financial nature, between Exprivia group companies and the affiliates.

Due to the losses incurred in 2008 and 2009, Axception srl found itself to be in the situation provided for by art. 2482-ter of the Civil Code. During the Shareholders’ meeting of 23 April 2010, the will of some shareholders to continue with the business by removing and rebuilding the share capital was recorded; Exprivia Solutions did not deem it suitable to continue with the initiative since no significant industrial and/or economic returns had emerged. In the subsequent extraordinary meeting of 21 May 2010, Exprivia Solutions waived the option right for its portion, thus losing its title as shareholder. Due to the above, the amount claimed from the company Axception Srl as at 31 December 2009, equal to Euro 25,000, was reclassified from receivables from associated companies to trade receivables.

RECEIVABLES FROM AFFILIATES AND ASSOCIATES

Description	31/12/2010	31/12/2009	Variation
Axception Srl		25,000	(25,000)
Pervoice	19,894		19,894
TOTAL	*19,894*	*25,000*	*(5,106)*

PAYABLES TO AFFILIATES AND ASSOCIATES

Description	31/12/2010	31/12/2009	Variation
Pervoce Srl	18,079	75,000	(56,921)
TOTAL	*18,079*	*75,000*	*(56,921)*

COSTS WITH AFFILIATES AND ASSOCIATES

Description	31/12/2010	31/12/2009	Variation
Pervoice Srl	43,065	8,956	34,109
TOTAL	*43,065*	*8,956*	*34,109*

REVENUES FROM AFFILIATES AND ASSOCIATES

Description	31/12/2010	31/12/2009	Variation
Axception Srl		25,000 -	25,000
Pervoice Srl	63,842	57,106	6,736
TOTAL	*63,842*	*82,106*	*(18,264)*

Group relationships with parent companies

Exprivia S.p.A. has relationships of a commercial nature with its parent company Abaco Innovazione S.p.A.; in detail, these consist of the supply of logistics services, consultancy and support.

The relationships between the Exprivia group and the parent company Abaco Innovazione S.p.A. at 31 December 2010 are shown below.

Receivables

Description	31/12/2010	31/12/2009	Variation
Exprivia S.p.A.	223,713	216,978	6,735
Exprivia Solutions S.p.A.	582,279	568,788	13,491
TOTAL	*805,992*	*785,766*	*20,226*

Revenues and income

Description	31/12/2010	31/12/2009	Variation
Exprivia S.p.A.	5,612	5,000	612
Exprivia Solutions S.p.A.	13,491	15,152	(1,661)
TOTAL	*19,103*	*20,152*	*(1,049)*

Business outlook

In 2010, Exprivia S.p.A. management completed a major effort for planning and scheduling its near future, which became manifest outside the company with the approval of the Board of Directors of Exprivia S.p.A on 21 October 2010 of the ***Industrial Plan*** 2010-2013.

Having analysed the reference market and its prospects, Exprivia identified the following key market trends to define the Information Technology scenario in the coming three years:

- ***The internet of things:*** the availability of "connected and intelligent objects" (smart phones, video cameras, domotic systems etc.) is growing rapidly, and a soaring growth is expected in the coming years
- ***Cloud computing*** will lead to the future industrialisation of IT: a profound transformation of today's Information Technology into an elastic Supply Chain will take place. Companies will supply services **"from the factory"** that are dynamically scalable and based on a heterogeneous and widespread set of resources
- ***Internationalisation*** is the strategic lever that will be fundamental in the coming years for a competitive positioning in the reference markets.

As part of this evolution, Exprivia has defined the strategic guidelines of the 2013 industrial plan on which to focus its actions, summarised as the **"3 Is":**

- Continuous ***Innovation*** of the range portfolio, with special attention paid to the strategic theme of "città digitale 2.0", as a container of new interaction models (electronic healthcare, mobile payment, infomobility, …) considered to be the first example of integration of mobile services for citizens.
- ***Industrialisation:*** the evolution towards cloud computing will mean that only those IT players who know how to industrialise their software development processes and service supply, while guaranteeing adequate quality (CMMI and ISO compliance), high specialisation, nearshoring and a continuous enhancement of their skills (competence centres) will be competitive. For these reasons, each Exprivia business line will focus on the implementation of **CMMI certified** "industrialised" processes with **nearshoring** supply methods through **specialised** Competence Centres and Cloud Computing **platforms**.
- ***Internationalisation*** of the Group as a fundamental strategic lever to develop: a) expansion by accompanying Italian customers in their foreign investments b) selection of local partners for the start-up of new initiatives c) acquisition of or joint ventures with small and medium-sized foreign enterprises.

The ***economic aims*** were estimated from the 2009 consolidated data and foresee an annual compound rate (CAGR) of endogenous growth in revenues ranging **between 10% and 17%** in the various business areas; the external growth is expected to translate into an increase in revenues of 60 million Euro, once in operation.

The consolidated revenue aim for 2013 is therefore to reach **200 million Euro**, of which at least **10% obtained abroad** and 7.5% from the new business line for Business Process Outsourcing services started during this year and focusing on Customer Care.

The Plan estimates decreasing fixed overheads, in percentage terms with respect to the growing revenues, an increase in the pro capita added value to the tune of 3%, the rationalisation of some sites and the operating structure.

These actions, together with the investments planned also for external acquisitions, will allow the ***EBITDA margin*** **higher than 15% over consolidated revenues to be maintained**, and a growing EBIT of 13.5% of consolidated revenues.

In addition to recurrent investments (updating of proprietary software and the operating infrastructure) expected to remain constant for the entire period, the investments required for the external and scheduled growth operations included in the programme contract recently approved by the Apulia Regional Board were estimated; this project foresees an overall investment of Euro 11 million in the three year period 2011-2013, of which 5.8 for operating buildings and infrastructure, in light of a sinking fund contribution equal to about Euro 3.2 million.

The ***Net working capital*** is estimated **to constantly decrease up to 30%** with respect to revenues; this reduction will be achieved by shortening the average collection times and normalising the cash absorption for the development of long-term projects.

The ***Net invested capital*** is forecast at **Euro 154.6 million** in 2013 after external line growth operations (net of these operations it is forecast at Euro 113.4 million).

The ***Net Financial Position*** **will be reduced to below 30 million Euro** by 2013, with a net improvement in absolute terms and with respect to revenues, due to the reduction in the net working capital with respect to revenues, despite the cash commitments necessary to finance the external growth of the Group. A debt structure with prevailing medium-term financing is forecast.

According to the Plan, external growth operations will be fully financed by resorting to bank loans; this may lead to an increase in the negative net financial position up to 70 million Euro, corresponding to 2.3 times the consolidated EBITDA forecast at 2013.

Finally, the Plan provides for ***maintaining the current dividend distribution policy*** and therefore the ratio between the Net Financial Position and the Net Equity is expected to equal 0.35 in 2013 stand alone and 0.77 in 2013 considering the external line growth operations.

The results of financial year 2010 allow us to confirm the recovery of growth, in line with the forecast in the Industrial Plan.

REPORT ON MANAGEMENT AND COORDINATION ACTIVITIES

In accordance with Art. 2497 et seq. of the Italian Civil Code, governing transparency in the exercise of company management and co-ordination work, it is acknowledged that this work is carried out by Abaco Innovazione S.p.A., with offices in Viale Adriano Olivetti, Molfetta (BA), tax code and VAT No. 05434040720.

It should be noted that in the exercise of such activity:

- Abaco Innovazione S.p.A. has not caused any damage to the interests and property of our company;
- full transparency of infra-group relationships was ensured to the extent that all those who are interested can check observation of the aforementioned principle;
- the operations done with Abaco Innovazione S.p.A. and the other companies controlled by it were done at market conditions, i.e., with conditions that would have been applied between independent parties.

Relationships of an economic, capital and financial nature with Abaco Innovazione S.p.A. are highlighted in the paragraph of the present the Management Report titled "Relationships of the Group with parent companies”.

Further, in accordance with Art. 2497 et seq. aiming to regulate transparency in the exercise of company management and co-ordination work, the summary data referring to the latest financial statements of Abaco Innovazione S.p.A. is given below.

		31/12/2009	31/12/2008
NON CURRENT ASSETS			
Shareholdings		**31,864,955**	**32,558,685**
	Holdings in subsidiary companies	31,864,955	32,558,685
Deferred taxes		-	-
	Tax advances/deferred taxes		
TOTAL NON CURRENT ASSETS		***31,864,955***	***32,558,685***
CURRENT ASSETS			
Commercial credits and others		**19,585**	**355,404**
	Receivables to subsidiaries		350,000
	Receivables to subsidiaries	12,763	
	Receivables to subsidiaries	1,077	
	Tax assets	5,745	5,404
Liquid assets		**1,623**	**8,820**
	Bank assets	1,556	8,772
	Cheques and unpresented effects	67	48
TOTAL CURRENT ASSETS		***21,208***	***364,224***
TOTAL ASSETS		***31,886,163***	***32,922,909***

		31/12/2009	31/12/2008
INCOME		**0**	**200,000**
	Income from sales and services		200,000
OTHER REVENUES		**4,239**	**4,957**
	Other revenues	4,239	4,957
	Capital gains		
TOTAL PRODUCTION REVENUES		***4,239***	***204,957***
COSTS CONNECTED WITH BENEFITS FOR EMPLOYEES		**49,950**	**49,950**
	Salaries and wages	45,000	45,000
	Social contributions	4,950	4,950
OTHER COSTS		**112,237**	**133,662**
	Other costs for services	40,220	75,803
	Sundry management charges	72,017	57,859
TOTAL PRODUCTION COSTS		***162,187***	***183,612***
DIFFERENCE BETWEEN PRODUCTION REVENUE AND COSTS		**(157,948)**	**21,345**
FINANCIAL INCOME AND CHARGES		**(590,963)**	**(848,394)**
	Income from holdings in subsidiaries	(1,038,976)	(1,390,729)
	Other financial income with separate indication	(25,119)	(183,782)
	Interest and other financial charges	457,980	701,462
	Financial charges with subsidiaries	15,152	24,655
PRE-TAX RESULT		**433,015**	**869,739**
INCOME TAX		**(2,831)**	**56,569**
	IRES		44,300
	IRAP		3,200
	TAX IN PREVIOUS YEARS	(2,831)	9,069
	DEFERRED TAXES		
PROFIT OR LOSS FOR THE PERIOD		***435,846***	***813,170***

Financial Statements
Exprivia Group

Consolidated Balance Sheet

	31.12.2010	31.12.2009
NON-CURRENT ASSETS		
Property, plant & machinery	**10,603,449**	**10,233,350**
Land and buildings	6,586,465	6,725,794
Assets under construction and payments on account	254,315	96,516
Other assets	3,762,669	3,411,040
Goodwill and other undefined assets	**64,931,863**	**62,766,930**
Goodwill	29,392,727	29,422,170
Consolidation difference	35,539,136	33,344,760
Other intangible assets	**3,915,834**	**4,190,604**
Intangible assets	533,368	496,263
Research and development costs	3,382,466	3,222,641
Assets under construction and payments on account		471,700
Shareholdings	**1,825,285**	**1,754,752**
Shareholdings in subsidiaries	51,646	51,646
Shareholdings in associated companies	185,688	306,028
Shareholdings in other companies	1,587,951	1,397,078
Other financial assets	**169,648**	**143,793**
Receivables to subsidiaries	21,488	20,388
Other accounts receivable	148,160	123,405
Deferred tax assets	**1,204,410**	**1,051,270**
Tax advances/deferred taxes	1,204,410	1,051,270
TOTAL NON-CURRENT ASSETS	82,650,489	80,140,699

	31.12.2010	31.12.2009
CURRENT ASSETS		
Trade receivables and others	**64,529,397**	**62,437,386**
Receivables to customers	52,004,102	50,435,282
Receivables to subsidiaries	19,894	25,000
Receivables to parent companies	805,992	785,766
Receivables to affiliated companies		317,203
Other accounts receivable	10,667,126	9,749,371
Tax credits	1,032,283	1,124,764
Stock	**187,635**	**369,852**
Stock	187,635	369,852
Work in progress to order	**19,735,468**	**11,016,505**
Work in progress to order	19,735,468	11,016,505
Current financial assets	**318**	**318**
Other bonds	318	318
Cash resources	**7,276,753**	**5,988,680**
Current banks	7,257,793	5,967,888
Cheques and unpresented effects	18,960	20,792
TOTAL CURRENT ASSETS	91,729,571	79,812,741
TOTAL ASSETS	***174,380,060***	***159,953,440***

	31.12.2010	31.12.2009
NET WORTH		
Capital stock	**26,979,658**	**26,368,918**
Capital stock	26,979,658	26,368,918
Own shares		**(48,370)**
Own shares		(48,370)
Premium reserve	**18,081,738**	**17,645,059**
Share premium	18,081,738	17,645,059
Revaluation reserve	**2,907,138**	**2,907,138**
Revaluation reserve	2,907,138	2,907,138
Other reserves	**7,478,094**	**4,452,066**
Legal reserve	621,831	394,488
Extraordinary reserve	5,373,534	3,105,075
Other reserves	1,103,511	573,285
IAS transaction reserve	101,875	101,875
IAS reserve available	501,236	501,236
IAS tax effect	(223,893)	(223,893)
Own shares		
Profits/Losses for previous periods	**6,243,417**	**5,294,359**
Profits/losses brought forward	6,243,417	5,294,359
Profit/Loss for the period	**4,929,299**	**5,042,045**
TOTAL NET WORTH	66,619,344	61,661,215
Minority interest	**829,160**	**398,828**
TOTAL GROUP NET WORTH	***65,790,184***	***61,262,387***

		31.12.2010	31.12.2009
NON-CURRENT LIABILITIES			
Payables to non-current banks		23,031,905	18,749,611
	Payables to non-current banks	23,031,905	18,749,611
Other financial liabilities		2,710,020	234,559
	Payables to other financiers	650,282	
		1,957,996	
	Payables for tax and social security beyond the period	101,742	234,559
Provision for risks and charges		2,183,592	1,491,372
	Other provisions	2,183,592	1,491,372
Staff-related funds		7,743,743	7,440,413
	Severance pay	7,743,743	7,440,413
Deferred tax liabilities		1,332,934	1,490,874
	Deferred tax funds	1,332,934	1,490,874
TOTAL NON-CURRENT LIABILITIES		37,002,194	29,406,829

		31.12.2010	31.12.2009
CURRENT LIABILITIES			
Payables to current banks		24,002,467	26,497,575
	Payables to current quota banks	24,002,467	26,497,575
Payables to suppliers		11,382,040	14,529,852
	Payables to suppliers	11,382,040	14,529,852
Advances on work in progress to order		5,381,166	4,298,097
	Payments on account	5,381,166	4,298,097
Other financial liabilities		7,053,562	4,182,240
	Payables to subsidiaries		2,451
	Payables to associated companies	18,079	75,000
	Other accounts payable	7,035,483	4,104,789
Tax debits		8,801,872	6,456,388
	Tax debits	8,801,872	6,456,388
Other current liabilities		14,137,415	12,921,243
	Payables to welfare and social security institutions	3,337,532	3,488,954
	Other payables	10,799,883	9,432,289
TOTAL CURRENT LIABILITIES		70,758,522	68,885,395
TOTAL LIABILITIES		***174,380,060***	***159,953,440***

Consolidated Income Statement

		31.12.2010	31.12.2009
Revenues		85,278,639	81,793,288
	Proceeds of sales and services	85,278,639	81,793,288
Other revenues		2,146,750	2,605,753
	Other proceeds	1,559,632	1,331,435
	Invest. grants tfr to P&L account	587,118	1,274,318
Variation in stock of finished products and products being processed		12,620,499	5,720,406
	Var. stock of products being processed, semi-finished items	(43,509)	(321,163)
	Variation in work in progress to order	11,427,049	4,264,641
	Increase in assets for internal work	1,236,959	1,776,928
TOTAL PRODUCTION REVENUES		100,045,888	90,119,447
Raw materials and consumables used		8,263,281	4,967,791
	Costs of raw, subsid. & consumable mat. and goods	8,263,281	4,967,791
Costs connected with employee-related benefits		54,758,498	52,030,885
	Salaries and wages	40,546,908	38,913,962
	Social charges	10,672,275	10,014,085
	Severance Pay	2,805,969	2,385,606
	Other staff costs	733,346	717,232
Other costs		21,771,664	18,548,172
	Other costs for services	17,350,622	14,850,512
	Costs for leased assets	2,290,743	1,665,855
	Sundry management charges	968,489	1,670,928
	Stock and payments on account	1,161,810	360,877
TOTAL PRODUCTION COSTS		84,793,443	75,546,848
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		15,252,445	14,572,599

		31.12.2010	31.12.2009
Depreciation and devaluation		**3,375,020**	**3,403,266**
	Ordinary amortisement of intangible assets	1,700,960	1,547,027
	Ordinary amortisement of tangible assets	892,612	1,012,593
	Altre svalutazioni delle immobilizzazioni	301,345	520,193
	Devaluation of credits included in working capital	480,103	323,453
OPERATIVE RESULT		11,877,425	11,169,333
Proceeds and financial charges		**1,918,700**	**2,066,720**
	Proceeds from parents companies	(13,491)	(15,152)
	Proceeds from others shareholdings	(951)	(972)
	Other proceeds with separate indication	(33,052)	(132,166)
	Interest and other financial charges	1,994,217	2,216,346
	Profit and loss on foreign exchange	(28,023)	(1,336)
PRE-TAX RESULT		9,958,725	9,102,613
Income tax		**5,029,426**	**4,060,568**
	IRES	2,599,699	419,503
	IRAP	2,434,051	2,437,512
	Deferred taxes	18,445	583,568
	Tax paid in advance	(22,769)	619,985
PROFIT OR LOSS FOR THE PERIOD		***4,929,299***	***5,042,045***
Attributable to:			
	Shareholders of parent company	4,930,094	5,062,638
	Minority shareholder	(795)	(20,593)

Comprehensive Income Statement (*) for the FYs closed as at 31 December 2010 and as at 31 December 2009

Description	31/12/2010	31/12/2009
Profit for the period	4,929,299	5,042,045
Net income (loss) from the change in costs for stock option exercise	(13,460)	
Net income (loss) from sale of own shares	117,247	129,256
Net income / (expense) for the period recognized in equity	*103,787*	*129,256*
Total comprehensive income	**5,033,086**	**5,171,301**
attributable to:		
Group	5,033,881	5,191,884
Minority interest	(795)	(20,593)

(*) It should be noted that accounting standard IAS 34, paragraph 8 A, in force from 1 January 2009, provides for the presentation of the Comprehensive Income Statement, either as:

- a single summary of the income statement
- a separate summary of the comprehensive income statement

The presentation of a separate summary of the overall income statement was considered preferable.

Statement of changes in the Consolidated Net Worth as at 31 December 2009 and as at 31 December 2010

Operations	Company Capital	Own shares	Share Premium Fund	Other Reserves	Reval. Reserve	Profits (Losses) brought forward	Profit (Loss) for the period	Minority Interests	Minority Interests	Total Net Worth	Total Group Net Worth
Balance at 30/06/08	*26,368,918*	*(312,211)*	*17,645,059*	*1,939,229*	*2,907,138*	*2,905,461*	*6,894,948*	*372,129*	*6,672,621*	*58,348,542*	*57,976,413*
Transfer from the nominal value of share premium		123,323		(123,323)						-	
Purchase of own shares		(72,682)		(49,139)						(121,821)	
Reclassification previous year's profit to previous year's profit						6,894,948	(6,894,948)			-	
Stock Option				572,065						572,065	
Sale of own shares		213,200		143,275						356,475	
Destination of the period result - legal reserve				235,628		(235,628)				-	
Destination of the period result - extraordinary reserve				1,605,075		(1,605,075)				-	
Destination of the period result - extraordinary reserve						(2,021,457)				(2,021,457)	
Changes in consolidated companies						(643,890)				(643,890)	
Profit (loss) of the period							5,042,045	26,699	5,042,045	5,042,045	
Net income / (expense) for the period recognized in equity				129,256					129,256	129,256	
Balance at 31/12/09	*26,368,918*	*(48,370)*	*17,645,059*	*4,452,066*	*2,907,138*	*5,294,359*	*5,042,045*	*398,828*	*5,171,301*	*61,661,215*	*61,262,387*
Reclassification previous year's profit to previous year's profit						5,042,045	(5,042,045)			0	
Destination of the period result				4,546,860		(4,546,860)				0	
Dividend distribution				(2,051,058)						(2,051,058)	
Stock Option				474,808						474,808	
Capital increase due to the subscription stock options-the first tranche	610,740		436,679							1,047,419	
Purchase of own shares		(204,464)		(156,183)						(360,647)	
Sale of own shares		252,834		107,813						360,647	
Changes in consolidated companies						453,873				453,873	
Profit (loss) of the period							4,929,299	430,332	4,929,299	4,929,299	
Net income / (expense) for the period recognized in equity				103,787					103,787	103,787	
Balance at 31/12/2010	*26,979,658*	*0*	*18,081,738*	*7,478,094*	*2,907,138*	*6,243,417*	*4,929,299*	*829,160*	*5,033,086*	*66,619,344*	*65,790,184*

Movements in the Consolidated Net Worth

Operations	Company Capital	Own shares	Share Premium Fund	Riserva legale	Riserva per azioni proprie in	Other Reserves	Reval. Reserve	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
Balance at 31/12/2007	*21,801,519*	*0*	*12,215,082*	*0*	*0*	*7,076,021*	*2,672,905*	*(1,341,424)*	*3,483,361*	*45,907,464*	*246,358*	*45,661,107*
Purchase of own shares		(312,211)								(312,211)		
						(56,330)				(56,330)		
Destination of result to legal reserve						103,916			(3,483,361)	(3,379,445)		
Destination of result to profits/losses brought forward								3,379,445		3,379,445		
Costs of capital increases						(456,460)				(456,460)		
Stock Option						276,956				276,956		
						100,111				100,111		
IAS tax effect						(104,985)				(104,985)		
							234,233			234,233		
Capital Increase	4,567,399		5,429,977			(5,000,000)				4,997,376		
Own shares acquired										-		
Changes in consolidated companies								867,440		867,440		
Result at 31/12/2008									6,894,948	6,894,948	125,772	
Balance at 31/12/08	*26,368,918*	*(312,211)*	*17,645,059*	*0*	*0*	*1,939,229*	*2,907,138*	*2,905,461*	*6,894,948*	*58,348,542*	*372,129*	*57,976,413*
Transfer from the nominal value of share premium		123,323				(123,323)				-		
Purchase of own shares		(72,682)				(49,139)				(121,821)		
Reclassification previous year's profit to previous year's profit								6,894,948	(6,894,948)	-		
Stock Option						572,065				572,065		
Changes in consolidated companies								8,742		8,742		
Sale of own shares		213,200				272,531				485,731		
Destination of the period result - legal reserve						235,628		(235,628)		-		
Destination of the period result - extraordinary reserve						1,605,075		(1,605,075)		-		
Destination of the period result - dividend distribution								(2,021,457)		(2,021,457)		
Recapitalization SPEGEA by minority shareholders								33,310		33,310		
Recapitalization SPEGEA by Exprivia								(49,966)		(49,966)		
Amortization of goodwill								209,745		209,745		
Elimination participation ClinicHall for sale								91,542		91,542		
Changes in consolidated companies								(937,263)		(937,263)		
Result at 31/12/2009									5,042,045	5,042,045	26,699	
Balance at 31/12/09	*26,368,918*	*(48,370)*	*17,645,059*	*0*	*0*	*4,452,066*	*2,907,138*	*5,294,359*	*5,042,045*	*61,661,215*	*398,828*	*61,262,387*
Reclassification previous year's profit to previous year's profit								5,042,045	(5,042,045)	-		
Destination of the period result						4,546,860		(4,546,860)		0		
Dividend distribution						(2,051,058)				(2,051,058)		
Stock Option						474,808				474,808		
Capital increase due to the subscription stock options-the first tranche	610,740		436,679							1,047,419		
Costs due for stock option exercise						(13,460)				(13,460)		
Purchase of own shares		(204,464)				(156,183)				(360,647)		
Sale of own shares		252,834				225,060				477,894		
Changes in consolidated companies								453,873		453,873		
Result at 30/06/2010									4,929,299	4,929,299	430,332	
Balance at 30/06/10	*26,979,658*	*0*	*18,081,738*	*0*	*0*	*7,478,093*	*2,907,138*	*6,243,417*	*4,929,299*	*66,619,344*	*829,160*	*65,790,184*

Consolidated Cash Flow Statement

	31.12.2010	31.12.2009
Operating activities:		
- Profit (loss)	4,929,299	5,042,045
- Amortisation, depletion and depreciation of assets	2,593,572	2,559,620
- Provision for Severance Pay Fund	2,805,969	2,385,606
- Advances/Payments Severance Pay	(2,502,639)	(2,358,317)
- Adjustment of value of financial assets		
Cash flow arising from operating activities	**7,826,201**	**7,628,954**
Increase/Decrease in net working capital:		
- Variation in stock and payments on account	(8,536,746)	(2,432,528)
- Variation in receivables to customers	(1,568,820)	(5,560,718)
- Variation in receivables to parent/subsidiary/associated company	302,083	270,051
- Variation in other accounts receivable	(825,274)	(1,067,004)
- Variation in payables to suppliers	(2,497,530)	2,507,596
- Variation in payables to parent/subsidiary/associated company	(59,372)	(273,992)
- Variation in tax and social security liabilities	2,061,245	65,528
- Variation in other accounts payable	7,339,352	1,507,152
- Variation in risk funds reserve	534,280	814,588
Cash flow arising (used) from current assets and liabilities	**(3,250,782)**	**(4,169,327)**
Cash flow arising (used) from current activities	**4,575,419**	**3,459,627**
Investment activities:		
- Variation in tangible assets	(1,262,711)	(2,826,353)
- Variation in intangible assets	(3,591,123)	(2,103,237)
- Variation in financial assets	(249,528)	(783,903)
Cash flow arising (used) from investment activities	**(5,103,362)**	**(5,713,493)**
Financial activities:		
- Capital increase	610,740	
- Variation in other reserves	(581,910)	(1,729,370)
Cash flow arising (used) from financial activities	**28,830**	**(1,729,370)**
Increase (decrease) in cash	**(499,113)**	**(3,983,236)**
Banks and cash profits at start of year	5,988,680	6,232,470
Banks and cash losses at start of year	(45,247,186)	(41,507,740)
Banks and cash profits at end of period	7,276,753	5,988,680
Banks and cash losses at end of period	(47,034,372)	(45,247,186)
Increase (decrease) in liquidity	**(499,113)**	**(3,983,236)**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF THE EXPRIVIA GROUP AS AT 31 DECEMBER 2010

REFERENCES TO REGULATIONS

DECLARATION OF CONFORMITY TO IFRS INTERNATIONAL ACCOUNTING STANDARDS

In application of European Regulation No. 1606/2002 of 19 July 2002 And Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements of the Exprivia Group and the financial statements of the holding company Exprivia S.p.A. as at 31 December 2010, are drawn up in conformity to the International Accounting Standards harmonised by the European Community (hereinafter referred to individually as IAS/IFRS or together as IFRS).

We would also like to specify that all the financial statements of the subsidiaries included in the consolidation are prepared in conformity to the international accounting standards IAS/IFRS.

In conformity with the provisions of IFRS Principle 1, we declare that we have applied, in preparing the Exprivia Group consolidated financial statements of the holding company Exprivia S.p.A. and the financial statements of the FY of the all the subsidiaries included in the consolidation area, all the IAS/IFRS international accounting standards in force at the date of this annual statement.

Moreover, we inform you that the financial statement schemes, both for the Consolidated Financial Statements and the financial statements of Exprivia S.p.A. for the accounting period in question are the following:

- for the Statement of Assets and Liabilities: that of the distinction of current and noncurrent assets/liabilities
- for the Income Statement: by nature
- for the scheme of variations in the Net Worth: statement with variations
- For the Statement of Cash Flow: indirect method

NEW ACCOUNTING PRINCIPLES

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS APPLICABLE BY THE GROUP

IAS 1 REVISED – PRESENTATION OF THE FINANCIAL STATEMENTS

The reviewed version of IAS 1 – Presentation of the financial statements, no longer allows the presentation of the components of income such as income and expenses (defined as 'variations generated by transactions with non-partners') in the prospectus of the variations of net worth. Instead, it requires a separate indication with respect to the variations generated by transactions with partners. According to the revised version of IAS 1, all the variations generated by transactions with non-partners must be highlighted in a single separate statement which shows the trend for the period (statement of the overall profits and losses recorded) or two separate statements (income statement and statement of the overall profits or losses recorded). These variations must also be separately highlighted in the Statement of variations in net worth.

The group applied the revised version of the principle from 1 January 2009 in a retrospective manner, choosing to highlight all the variations arising from transactions with non-partners in two prospectuses measuring the trend for the period, respectively entitled 'Consolidated income statement' and 'Prospectus of profits and losses counted in the net worth for the years 2009 and 2010". As a result, the group changed the presentation of the prospectus of the variations in net worth.

Further, an amendment to revised IAS 1 was published in the sphere of the Annual Improvement Process 2008 conducted by IASB. This states that the assets and liabilities arising from derivative financial instruments as cover are classified in the equity and financial situation, distinguishing between current and non-current assets and liabilities. With reference to this, it should be noted that adoption of this amendment has not led to any change in the presentation of the entries relating to the assets and liabilities from derivative financial instruments as a result of the form of mixed presentation of the current and non-current distinction adopted by the group and allowed by IAS 1.

AMENDMENT TO IFRS 2 – MATURATION AND CANCELLATION CONDITIONS

The amendment to IFRS 2 – *Maturation and cancellation conditions* establishes that only the service and performance conditions can be considered vesting conditions for the purposes of the assessment of remuneration instruments based on shares. Any other clauses must be considered *non vesting conditions* and are incorporated in the definition of *fair value* at the plan transfer date. The amendment also clarifies that, if the conditions are annulled, the same accounting treatment must be applied whether the annulment comes from the company or the counterpart.

Accounting effects for the group have not emerged from its application as the current *stock option* about to mature in the period does not provide for maturation conditions different from those of performance and service as defined in the amendment and there were no cancellations of plans in the periods considered.

"IFRS 3 (2008) – BUSINESS COMBINATIONS

The updated version of IFRS 3 introduced important changes, as described below. These mainly concern: The process of phase-acquisition of subsidiaries; the possibility of valuing at fair value any non-controlling interest acquired in a partial acquisition; the allocation to the income statement of all the costs related to the business combination and the recognition on the date of acquiring the liabilities for conditioned payments.

Phase Acquisition of a subsidiary

In the case of the phased acquisition of a subsidiary, IFRS 3 (2008) states that a business combination takes place only when the control is acquired and that, at this time, all the identifiable net assets of the acquired company must be measured at *fair value;* the minority interests must be evaluated based on their *fair value* or on the proportional share of the *fair value* of identifiable net assets of the acquired company (method already allowed by the previous version of IFRS 3).

In a phased acquisition of control of a partial owned company, the investment previously held, until then counted according to IAS 39 – *Financial Instruments: recognition and measurement*, or according to IAS 28 – *Investments in associated companies* or according to IAS 31 – *Investments in joint ventures*must be treated as if it had been sold, and repurchased as at the date on which the control is acquired. Said investment must therefore be calculated at its *fair value* as at the acquisition date and the profits and losses resulting from this evaluation must be recognised in the income statement In addition, each value previously recognised in the net equity as Other profits and total losses, which should be included in the Income Statement following the sale of the asset to which it relates, must be reclassified in the Income Statement. Goodwill or the proceeds from the acquisition of control of a subsidiary must be determined as the sum of the price paid for the acquisition of control, the value of minority interests (as measured by one of the methods permitted by the principle) the *fair value* of the minority shareholding previously held, net of the *fair value* of identifiable net assets acquired.

According to the previous phased version of the principle, the acquisition of control was calculated transaction by transaction as a separate series of acquisitions that generated a total of goodwill determined as the sum of the goodwill generated by individual transactions.

This change in accounting policy had no effect on the Consolidated Financial Statements of the Company.

Ancillary costs of the transaction

The IFRS 3 (2008) provides that the ancillary costs of business combinations must be expensed in the period in which they are incurred. According to the previous version of the principle, these charges were included in the determination of the cost of acquisition of the net assets of the acquired company. In relation to the acquisition of the company Datilog and Prosap SL, in 2010 the application of said adjustment led to entering ancillary costs amounting to Euro 155,738 in the Income Statement.

Recognition of amounts subjected to conditions

The IFRS 3 (2008) provides that fees are subject to the condition considered part of the transfer price of net assets acquired and are valued at *fair value* at the acquisition date. Similarly, if the aggregation contract provides for the right to a refund of some components of the price upon certain conditions, this right is classified as an asset by the buyer. Any subsequent changes in *fair value* must be recognised as an adjustment of the original accounting treatment only if they are determined by more or better information about the *fair value* and if they occur within 12 months after the date of acquisition; all other changes must be entered in the Income Statement. The previous version of the standard provided that the fees subject to conditions had to be calculated at the acquisition date only if their payment was considered probable and the amount could be determined reliably. Any subsequent change in the value of such fees also had to always be recognised as an adjustment of the *goodwill*. In connection with the acquisition of 51.12% in the partially held Prosap, in 2010 the application of this change resulted in effects on the financial position of the Group amounting to Euro 1,522,796.

IMPROVEMENT TO IAS 20 – ACCOUNTING AND INFORMATION ON PUBLIC CONTRIBUTIONS

Improvement to IAS 20 – *Accounting and information on public contributions* provides that the benefits of public loans granted at a lower interest rate than that of the market should be treated as government grants and therefore follow the rules for recognition established by IAS 20. The previous version of IAS 20 states that in case of subsidised loans received as government grants, the company need not show any benefit. Now, for these funds, at the moment of disbursement, the financial liabilities must be entered at *fair value* and deferred income must be entered against contributions to the discounted rate for an amount equal to the difference between the *fair value* of the debt and the amount collected. This value will be found in the income statement when, and only when, all the necessary conditions for the payment of the contribution have been systematically satisfied to correlate it to the costs that are meant to be compensated.

There have not been any significant effects on the Group through the application of this principle.

IAS 27 (2008) - CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The changes to IAS 27 mainly concern the accounting treatment of transactions or events that change the interest in subsidiaries and the allocation of the losses of the subsidiary to the non-controlling interest. According to IAS 27 (2008), once the control of a company has been obtained, the transactions in which the parent company acquires or transfers additional minority shares, without changing the control exercised over the subsidiary, are transactions with the shareholders and must therefore be recorded under the net worth. It follows that the carrying value of the controlling interest and minority interests should be adjusted to reflect the change in the stake in the subsidiary and any difference between the adjustment amount made to the minority interests and the fair value of the price paid or received in respect of this transaction is recognised directly in the net equity and attributed to the shareholders of the parent company. There will be no adjustments to the value of goodwill and profits or losses posted under the income statement. The additional charges deriving from these transactions must also be recorded in the net worth, in accordance with the provisions of IAS 32, para. 35. The introduction of this IFRS has had no special effects on the annual financial statements of the Group.

IMPROVEMENT TO IAS 28 – SHAREHOLDINGS IN ASSOCIATED COMPANIES

I*mprovement* to IAS 28 – *Investments in associated companies* provides that in the case of investments accounted for under the equity method, the possible loss of value should not be allocated to individual assets (particularly to goodwill, if any) that make up the value of the investment, but to the value of the investment as a whole. Therefore, in the presence of conditions for a subsequent reversal of impairment loss, the reversal must be recognised in full.

IFRS 8 OPERATIONAL SECTORS

The IASB issued IFRS 8 in November 2006 and it replaces IAS 14 Sector Information for accounting periods which start from 1 January 2009. The new accounting principle requires the company to base the information shown in the sector information on the elements which the management uses to make its operational decisions. Therefore, it requires the identification of operational segments on the basis of internal reporting which is regularly reviewed by the management for the purposes of the allocation of resources to the different segments and the analysis of performance.

The application of this principle has had no effect on the Group because the information was already based on these assumptions.

The following amendments and interpretations, applicable as at 1 January 2010, apply only to cases and instances outside the Group as at the date of these Financial Statements, but may affect future transactions or agreements:

- Improvement to IFRS 5 – Non current assets available for sale and discontinued operational assets.
- Amendments to IAS 28 – Shareholdings in associated companies
- Amendments to IAS 31 – Investments in joint ventures, consequent to the changes made to IAS 27.
- Amendment to IFRS 2 – Share-based payments: payments based on Group shares and settled in cash.
- IFRIC 17 – Distribution of non-liquid assets to the shareholders.
- IFRIC 18 – Transfer of assets from customers.
- Amendment to IAS 39 – Financial instruments: Recognition and Measurement - Eligible Hedged Items
- Amendment to IAS 32 - Financial Instruments: presentation: classification of rights issued to regulate the accounting of the issue of rights (rights, options or warrants) denominated in currencies other than the functional currency of the issuer
- revised version of IAS 24 - Disclosures about related parties that simplifies the type of information required in cases of transactions with correlated parties controlled by the State and clarifies the definition of correlated party transactions. The principle is applicable from 1 January 2011.

DECLARATION OF CONFORMITY TO IFRS INTERNATIONAL ACCOUNTING STANDARDS

In conformity with the provisions of IFRS Principle 1, we declare that we have applied, in preparing the Exprivia Group financial statements as at 31 December 2010, all the international accounting standards IAS/IFRS in force as at the date of this annual statement.

CONSOLIDATION CRITERIA

The consolidation area includes the financial statements of the parent company Exprivia S.p.A. with those of the subsidiaries and associated companies, except for the shareholdings held for subsequent sale.

Subsidiaries refer to companies in over which the parent company holds control. The existence of control is presumed when more than half the effective or potentially exercisable voting rights in the shareholders' meeting are held, directly or indirectly as at the accounting date. Associated companies are companies in which the parent company has a significant influence. This is presumed when 20% or more of the effective or potentially exercisable voting rights are held as at the reporting date.

For companies, we intend the companies in which the Group exercises significant influence, but not control or joint control, over financial and operating policies, as defined by IAS 28 - Investments in associates. The consolidated financial statements include the portion of results of the associates attributable to the Group, accounted for using the equity method from the date on which significant influence commences until the time when that significant influence ceases.

Subsidiaries and associated companies are consolidated from the date in which the Group acquires control of them and deconsolidated from the date control is lost or when there are decisions, events and evidence relating to the future assignment of the shareholding that changes its status, causing it to become a shareholding held for subsequent disposal/sale.

The acquisition of subsidiaries is accounted for under the purchase method. The acquisition cost corresponds to the current value of assets transferred, shares issued or liabilities assumed at the date of acquisition. The excess of the acquisition cost with respect to the Group's attributable share of the current value of net assets acquired is recorded on the statement of assets as goodwill in the cased of subsidiaries whereas it is included in the investment value in the case of associated companies. Any negative goodwill is recognised in the Income Statement as at the acquisition date.

For the purposes of the consolidation of subsidiaries, the global integration method is applied, i.e. assuming the entire amount of capital assets and liabilities and all costs and revenues regardless of the actual percentage of participation. The book value of consolidated investments is therefore eliminated against the relative net worth. The operations and balances, and also the profits and losses not realised on infra-group transactions are eliminated. The amounts of net worth and the accrued results of minority members are shown in a particular entry under net worth and on a separate line on the consolidated Income Statement.

After the acquisition, investments in associated companies are recorded using the net worth method, and showing the Group's share of the result in the income statement and of the movements of reserves under net worth. The profits and losses not realised on infragroup operations are eliminated in the amount of interest. When the Group's portion of the losses of an associated company is equal to or higher than the value of the shareholding, the group does not recognise further losses unless it has obligations to make up losses or has made payments on behalf of the associated company.

CONSOLIDATION OF FOREIGN COMPANIES

All assets and liabilities of foreign companies in currency other than the Euro that fall within the scope of consolidation

are converted using the exchange rate as at the reference date of the financial statements. Income and expenses are converted at the average exchange rate. The exchange differences arising from the application of this method are classified under net worth until the disposal of the investment. In preparing the consolidated financial statements we used the average exchange rates to convert the cash flows of foreign subsidiaries.

Goodwill and fair value adjustments generated by the acquisition of a foreign entity are recorded in the relevant currency and are converted using the exchange rate effective at the end of the accounting period. The principal exchange rates used for conversion into Euro of the financial statements of foreign companies for 2010 and 2009 were as follows:

Exchange rate	GTQ to EUR	MXN to EUR
31/12/2009	0.0838	0.0534
30/09/2010	0.0902	0.0581
31/12/2010	0.0932	0.0605
Annual Average for 2010	0.0937	0.0598
Average 4Q 2010	0.0943	0.0599

SHAREHOLDINGS IN OTHER COMPANIES

Shareholdings in other companies constituting financial assets available for sale are measured at fair value, if determinable, and gains and losses arising from changes in fair value are attributed directly to other comprehensive profits (losses) until they are sold or have suffered a loss of value; at that time, the Other comprehensive gains /(losses) previously recognised in the net worth are recognised in the income statement of the period. Shareholdings in other companies for which the fair value is unavailable are stated at cost, less any impairment losses..

Dividends received from these investments are included in Other proceeds (charges) from the management of shareholdings.

BUSINESS COMBINATIONS

Business combinations are recognised using the purchase method *(acquisition method).* According to this method, the amount transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities assumed by the Group at the date of acquisition and the equity instruments issued in exchange for control over the acquired company. The ancillary costs of the transaction are generally recognised in the income statement when incurred.

As at the date of acquisition, the identifiable assets acquired and liabilities assumed are recorded at fair value as at the acquisition date; the following items are exceptions, which are valued according to their principle of reference:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or instruments of capital related to share-based payments of the acquired company or share-based payments related to the Group issued in replacement of the contracts of the acquired company;
- Assets held for sale and Discontinued Operation.

Goodwill is determined as the difference between the sum of the amounts transferred in the aggregation business, the value of net worth attributable to minority interests and the *fair value* of any investment previously held in the acquiree with respect to the *fair value* of net assets acquired and liabilities assumed at the date of acquisition. If the value of net assets acquired and liabilities assumed at the date of acquisition exceeds the sum of the amounts transferred, the value of net worth attributable to minority interests and the *fair value* of any investment retained in the acquiree, the surplus is recognised immediately in the income statement as a proceed arising from the transaction completed.

The shares of net worth of minority interest, at the acquisition date, can be measured at *fair value* or at the pro-quota value of net assets recognised for the acquired company. The choice of method of assessment is made transaction by transaction.

The amounts subjected to a condition of the business combination contract are measured at *fair value* as at the acquisition date and included in the value of the amounts transferred in the business aggregation for the purpose of determining the goodwill. Any subsequent changes to such *fair value,* which are classified as adjustments arising in the accounting period, are retrospectively included in the goodwill. Changes in *fair value* classified as adjustments arising in the measurement period are those that derive from more information about events and circumstances that existed at the date of acquisition, obtained during the measurement period (which shall not exceed a period of one year from the business combination).
If the initial values of a business combination are incomplete at the closing of the financial statements in which the business combination is completed, the Group reports in its consolidated financial statements the provisional values of the elements that can not be completed the accounting. These provisional values are adjusted during the measurement to take account of new information obtained about facts and circumstances existing at the acquisition date that, if known, would have affected the value of the assets and liabilities recognised on that date.

The business combinations that occurred before 1 January 2010 were counted according to the previous version of IFRS 3.

VALUATION CRITERIA

The accounting principles adopted for drawing up this yearly consolidated financial statements are consistent with those adopted for drawing up the annual consolidated financial statements of the Group for the financial year which closed as at 31 December 2009, except for the amendments/updates to the international accounting standards, with which we complied.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are accounted for at the cost of acquisition or production. The acquisition cost is the price paid to acquire the asset. The cost of acquisition is the equivalent cash price as at the date of accounting. Therefore, if payment of the price is deferred beyond the normal terms of extension of credit, the difference compared to the equivalent cash price is accounted for as interest throughout the period of extension. For intangible assets generated internally, the process of the formation of the asset is separated into two stages: research (not capitalised) and development (capitalised). If the two stages cannot be distinguished, the whole project is considered research. The financial charges borne for the acquisition are never capitalised.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

Goodwill arising from acquisition or merger operations, if the suppositions for the identification of a definite useful life are lacking, is accounted for on the basis of the purchase method in accordance with IFRS 3 and is not subject to amortisation but subject to the ‘impairment test’ at least once a year . To this end these values are allocated, starting on the acquisition date or by the end of the FY subsequent to that date, to one or more of the Independence cash-generating units. Any impairment emerging from the impairment tests are reversed in subsequent periods.

OTHER INTANGIBLE NONCURRENT ASSETS

Other intangible assets, which include development costs, patents and industrial use of intellectual works, by concessions, licenses, trademarks and similar rights and software, are recognised as assets only if all the conditions in IAS 38 are met (the cost can be measured reliably and the technical feasibility of the product, expected volumes and prices indicate that the costs incurred during the development will generate future economic benefits) and valued at cost minus accumulated amortisation, determined on the straight-line basis over the period of expected use, on average, except for specific cases of 3 - 5 years, and any loss of value. The amortisation criteria used, the useful lives and residual values are re-examined and redefined at least at the end of each administrative period to take account of any significant variations.

TANGIBLE FIXED ASSETS

Tangible fixed assets are accounted for at the cost of acquisition or production. The cost of acquisition or production is the price paid to acquire or build the business and any other cost incurred to prepare the asset for use. The price paid to acquire or produce the asset is the cash price equivalent at the time of accounting; therefore, if payment of the price is deferred beyond normal credit extension terms, the difference with respect to the equivalent cash price is recorded as interest for the extension period. The financial charges borne for the acquisition or production of the asset are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of structures owned or used by third parties is done only in so far as they satisfy the requirements for being classified as an asset or part of an asset.

After the initial accounting, tangible assets, with the exception of buildings, are written down at cost, net of accumulated depreciation and losses of value, if any. The depreciated value of each significant component of a tangible asset, with a different useful life, is divided over the expected period of use in constant rates. Considering the homogeneity of the assets included in the individual categories of the financial statements, it is assumed that the useful life per category of assets is the following, unless there are specific relevant cases:

Land	indefinite useful life
Buildings	33 years
Plants and machinery	4 - 7 years
Office furnishings and electronic equipment	5 - 8 years
Equipment and motor vehicles	4 - 7 years

The depreciation methods used, the useful lives and residual values are reviewed and redefined at the end of each accounting period to reflect any significant changes that may have occurred.

Industrial buildings are stated at a value periodically reassessed at market value less depreciation and impairment losses (the fair value model). As set forth by the IAS16, the company annually estimates the fair value and then re-evaluates if there is a significant difference with respect to the book value. The revaluation is entrusted to an expert.

Costs that can be capitalised for improvements to third party assets are attributed to the classes of fixed assets to which they refer and depreciated for the shorter time between residual period on the rental contract and the useful residual life of the asset to which the improvement was made.
If for the accounting of tangible assets it is intended to use the fair value model, revaluations must be made with reference to the current value. Normally, the fair value is the market value of the asset and is made up of the amount for which the property in question can be exchanged with third parties

The book value of tangible assets is maintained in the financial statements to the extent that such value can clearly be recovered through use. If significant symptoms are noticed, which include the difficulty of recovering the net carrying amount, the impairment test is performed to determine the possible loss of value (see next paragraph). Restoration of value is made if the reasons at the basis of the loss of value no longer apply.

FINANCIAL LEASING ASSETS

The machinery owned through financial leasing contracts, for which the group has substantially assumed the risks and benefits which would arise from ownership, are recognised as assets on the basis of the criteria indicated by IAS 17. They are depreciated according to the estimated useful life.

The liability to the lessor is included in the financial statements under payables to suppliers, distinguishing the current portion from the non-current portion.

CONTRIBUTIONS

Contributions are accounted for if they exist, regardless of whether there is a formal assignment decision, if there is a reasonable certainty that the company will respect the conditions set out for the assignment and that the contributions will be received.

A public collectable contribution as compensation for expenses and costs already borne or with the aim of giving immediate financial assistance to the body without having future costs related to it, is accounted for as a proceed in the accounting period in which it becomes collectable.

LOSS IN VALUE OF ASSETS

A loss in value occurs every time the book value of an asset is greater than its recoverable value. The possible existence of indicators which suggest a loss of value is checked at every balance sheet date. If those indicators are found, an estimate is made of the recoverable value of the asset (impairment test) and the devaluation, if any, is accounted for. Regardless of the existence of the indicators, the impairment test is carried out at least once a year for the assets counted during the FY in progress and for goodwill.

The recoverable value of an asset is the greater between its fair value, net of sale costs, and its use value. The recoverable value is calculated with reference to a single asset, unless it is unable to generate incoming financial flows deriving from continuative use notably independent of the incoming financial flows generated by other assets or groups of assets, in which case the test is carried out at the level of the smallest unit generating independent flows which include the asset in question (Cash Generating Unit).

When the devaluation has no reason to be maintained, the accounting value of the asset (or the unit generating cash flows), except for goodwill, is increased to the new value obtained from its estimated recovery value, in any case not beyond the net carrying amount that the assets would have had if the depreciation due to impairment had not been made. The recovered value is charged to the income statement, unless the asset is valued at the re-valued value; in this case the recovered value is posted under the revaluation reserve.

FINANCIAL ASSETS AND LIABILITIES

The financial assets are classified in the following categories:

- financial assets at fair value with offset entry in the Income Statement: financial assets mainly acquired with the intention of making a profit from the fluctuations in price in the short term (a period not longer than three months) or designated as such from the start;
- Financial assets held to maturity: investments in financial assets with a preset maturity with fixed payments or determinable payments that the Group has the intention and capability to maintain through to maturity;
- loans and other financial receivables: financial assets with fixed payments or that can be decided, not quoted on a two-way market and different from those classified as financial assets at fair value from the origin offset in the Income Statement or financial assets available for assignment;

- financial assets available for sale: financial assets other than those in the above categories or those designated as such from the start.

The Group decides the classification of the financial assets at the time of the acquisition, the initial accounting is made at the fair value of the date of acquisition. Following the introduction of the revised IFRS 3 (2008), the transaction costs are recorded in the Income Statement.

After the initial accounting, the financial assets at fair value with offset in the Income Statement and the assets available for sale are valued at fair value, the financial assets held to maturity and also the loans and other financial receivables are valued at the amortised cost.

Profits and losses arising from the variations in the fair value of the financial assets at fair value offset in the Income Statement are accounted in the Income Statement of the accounting period in which they occur. Unrealised profits and losses arising from variations in fair value of classified assets as available for assignment are accounted for in net worth.

The fair values of financial assets are determined on the basis of the offer prices quoted or through the use of financial models. The fair values of financial assets not quoted are estimated using special assessment techniques adapted to the specific situation of the Company. Financial assets for which the current value cannot be determined in a reliable manner are accounted for at reduced cost because of the loss of value.

The existence of loss of value indicators is checked at the date of each balance sheet date. Recording the depletion mirrors the criterion of the increase in value of the financial assets in the Income Statement or net worth. The loss of value previously recorded is eliminated if the circumstances leading to the valuation no longer apply, except for assets valued at cost.

Financial liabilities are initially valued at the fair value of the amounts collected, net of the transaction costs borne, and then valued at the depreciated cost.

STOCK

Stock was recorded at the lesser of the purchase price, determined in accordance with the average weighted cost, and the net sales price. The cost is represented by the fair value of the price paid and every other cost directly attributable except for financial charges. The net sales value is the estimated sale price in the normal assets net of the costs of completion and sales. The write-down is eliminated in subsequent financial years if the reasons for the write-down no longer apply.

CONTRACT WORK IN PROGRESS

The contract work in progress lasting more than one year is recorded with the method of the completion percentage. The completion percentage is determined with reference to the ratio between costs borne for jobs underway as at the date of accounting and the total of the costs estimated until completion. Such jobs can be evaluated gross of their relative advance payments (therefore accountable separately under liabilities), or net of the relative advance payments (therefore accounted for only under assets), and valued at industrial cost, consisting of the direct charges, excluding payable interest and general expenses, reduced through appropriate devaluations to take into account the presumed losses upon completion of the job and other possible related risks.

CASH AT BANK AND IN HAND

Cash at bank and in hand consist of short-term investments (generally not longer than three months), easily convertible into considerable amounts of cash and subject to an insignificant risk of changes in value are shown at fair value.

For the purposes of the financial statements, the liquid assets were made up of cash, demand deposits in banks, other short-term, high liquidity financial assets, with original maturity of not more than three months, and overdraft facilities. For the purposes of drawing up the balance sheet, the latter are included in the debts in the current liabilities.

NET WORTH

SHARE CAPITAL

The item is formed of capital underwritten and paid up. Costs strictly correlated to the issue of shares are classified in reduction of the net worth in other reserves as long as these are variable marginal costs directly attributable to the operation of capital and cannot be otherwise avoided.

OWN SHARES

Own shares are noted in a special net worth reserve. No profit (loss) is noted in the Income statement for the acquisition, sale, issue or cancellation of own shares.

SHARE PREMIUM RESERVE

The share premium reserve increases in case of capital increases and when stock option plans are subscribed.

REVALUATION RESERVE

The item groups variations in fair value, before of taxes, of entries accounted for at fair value offset in the net worth.

OTHER RESERVES

The items consist of reserves of capital for specific destinations relating to the parent company.

RETAINED EARNINGS (ACCUMULATED LOSSES)

The item includes the economic results of the previous accounting periods for the amount not distributed or set aside in the reserves (in the case of profits) or reprogrammed (in the case of losses), transfers from other assets when freed from the constraints to which they were subjected, and also the effects of accounting for changes in the accounting standards and significant errors.

COMPREHENSIVE PROFIT

Following the application of accounting principle IAS 1, paragraph 81/105, the item ‘comprehensive profit’ shows the overall result of proceeds and charges recognised in the net worth.

BENEFITS FOR EMPLOYEES

SHORT-TERM BENEFITS

Short-term benefits for employees are accounted for in the Income Statement of the period in which the work was performed.

DEFINED BENEFIT PLANS

The Group pays its employees benefits through the Severance Pay Fund (TFR). These benefits fall within the definition of: definite benefit plans whose existence and amount have been determined but whose maturity date is uncertain. The liability is determined as a current value of the service duty arising from current regulations, defined as at the date of the adjusted financial statements to take into account actuarial (profits) losses. The total of the defined service duty is calculated annually by an external actuary on the basis of the ‘Projection of credit units method’. Actuarial profits and losses are fully accounted for in the relative financial year without application of the so called "corridor method".

DEFINED CONTRIBUTION PLANS

The Group takes part in publicly or privately managed pension plans with a defined contribution on an obligatory, contractual or voluntary basis. Payment of the contributions fulfils the Group's duty towards its employees. As a result, the contributions form a charge for the period in which they were due.

STOCK OPTION

The payments based on shares are valued at fair value on the allotment date. This value is charged to the income statement, with the net worth as a contra-item, over the inter period in which the rights accrue. The fair value of the option, calculated at the time of the allotment, is valued by using financial mathematical models, considering the basic terms and conditions under which these rights are assigned.

POTENTIAL ASSETS AND LIABILITIES

The potential assets and liabilities of an unlikely (but possible) or remote nature are not noted in the financial statements; nevertheless, appropriate information is given concerning the possible potential assets and liabilities.

Where financial disbursement relating to the obligation is planned and occurs after the normal payment terms and the effect of the discounting back is relevant, the amount set aside is represented by the current value of future payments awaited to cancel the obligation.

PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are probable liabilities of an uncertain amount and/or due date deriving from past events whose fulfilment will lead to the use of economic resources. The amounts are only set aside if there is a current, legal or implicit obligation which makes the use of economic resources necessary, as long as a reliable estimate of the obligation can be made. The amount noted as set aside is the best estimation of the necessary charge for fulfilment of the obligation as at the date of the balance sheet. Set aside funds are re-examined at every balance sheet date and rectified so that they are the best current estimate.

DERIVATIVE INSTRUMENTS

Derivative contracts were noted in the statement of assets and liabilities at the fair value. The accounting data of variations of fair value is different according to the designation of the financial instruments (speculative or hedging) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as speculative, the variations of fair value were directly noted in the Income statement.

Fair Value Hedge is accounted for by noting the variations of fair value of the cover (hedge) instrument and the instrument covered (hedged).

If the coverage is identified as Cash Flow Hedge, it is accounted for by suspending the fair value variation portion of the hedging instrument, which is recognised as effective cover in the net worth, and charging the ineffective portion to the Income statement. The variations accounted for directly in the net worth are released in the Income Statement in the same accounting period or periods in which the asset or liability covered (hedged) influences the Income Statement.

CREDIT TRANSFERS

The Group can assign its own trade credits through factoring operations. However, if the assigned credits through factoring do not meet the requirements for elimination set forth by IAS 39, they remain recorded on the financial statements of the Group though they have been legally assigned and are a financial liability of the Group of an equal amount. The profits and losses of the assignment of such assets are calculated on when the assets themselves are removed from the Group's Statement of Assets and Liabilities.

REVENUES AND EXPENSES

The revenues arising from the assignment of assets were noted at the time of transfer of the risks which usually occurs with the despatch, at the fair value of the payment received or due taking any discounts into account.

The revenues arising from the provision of services were defined on the basis of the completion percentage, defined as the ratio between the services performed at the date of reference and the total value of the planned services.

The costs were attributed in accordance with similar criteria to those of revenue recognition and, in any case, according to the accruals basis.

The interest receivable/payable was noted on the criterion of accrual basis, taking residual liabilities in capital manner and the effective tax applicable in the period to the deadline/expiry into account.

Dividends were accounted for in the period in which distribution was decided.

TAXES

The taxes on the period were defined on the basis of the presumed charges to be paid on the application of the current tax laws.

In addition, the deferred taxes and those paid in advance were accounted for on the temporary differences between the asset values written into the balance sheet and the corresponding values recognised for tax purposes, shown brought forward with tax losses or unused tax credits, as long as it is probable that the recovery (discharge) reduces (increases) future tax payments with respect to those that would have occurred if that recovery (discharge) had not had effects on tax. The tax effects of operations or other events were noted, in the Income statement or directly in the net worth, with the same methods as the operations or events from which the tax imposition arose.

EARNINGS PER SHARE

The EPS is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Parent Company by the average number of ordinary shares in circulation during the period.

For the purposes of calculating the basic earnings per share, the economic result for the period less the quota attributable to third parties was used in the numerator. Further, there are no privileged dividends, conversion of privileged shares and other similar effects which could adjust the economic result attributable to holders of ordinary capital instruments.

The diluted profit per share is equal to the profit per share adjusted to take into account the theoretical conversion of all the potential shares; the dilutive effect is consequent to the stock option plan.

CURRENCIES

Operations in foreign currency are converted into the currency of presentation at the rate of exchange on the date of the operation. The profits and losses on exchange arising from the liquidation of those operations and the conversion of the monetary assets and liabilities into foreign currency were accounted for in the Income statement.

The financial statements of foreign companies have been converted into the presentation currency based on the following procedures:
a) the assets and liabilities, for each financial statements presented, were converted at the exchange rate of the closing date of each financial statements (31 December 2010);
b) the revenues and costs of each income statement were converted using the average exchange rate of the accounting period;
c) all the differences in exchange rate are posted under a specific heading of the net worth.

CONSOLIDATION AREA

The consolidated annual financial statements at 31 December 2010, includes the capital, economic and financial situations of the holding company Exprivia S.p.A. and the subsidiary companies.

The table below shows the consolidated companies:

Company	Area
Datilog S.r.l.	Industry & Media
Exprivia Projects S.p.A.	Industry & Media/Public Administration, Transport & Utilities
Exprivia SL	Health and Medical
Exprivia Solutions S.p.A.	Industry & Media/Public Administration, Transport & Utilities
GST S.r.l.	Health and Medical
Infaber Srl	Industry & Media
ProSap	Spain and Central America
Spegea Scarl	Others (Training)
Svimservice S.p.A.	Health & Medical/Public Administration, Transport & Utilities
Wel.Network S.p.A.	Industry & Media. Oil, Gas and Telecommunications

The main data of the aforesaid subsidiaries, consolidated with the integral method, can be summarised as follows.

Company	H.O.	Company capital	Results for period	Net worth	Value of production	Total Assets	% of holding
Datilog Srl	Cinisello Balsamo (MI)	10,400	(51,198)	47,327	699,894	460,526	52.00%
Exprivia Projects S.p.A.	Roma	242,000	(56,940)	198,001	2,839,304	2,909,323	100.00%
Expriva SL	Madrid (Spagna)	8,250	146,347	282,106	1,983,521	777,983	60.00%
Exprivia Solutions S.p.A.	Roma	170,795	992,487	1,772,050	8,223,275	7,207,128	100.00%
GST S.r.l.	Trento	27,500	(147,724)	474,967	2,461,485	2,471,306	63.20%
Gruppo ProSap	Madrid (Spagna)/Città del Messico/Città del Guatemala	6,384	(164,736)	605,398	1,181,891	2,512,753	51.12%
Infaber S.r.l.	Molfetta (BA)	110,000	80,908	316,684	1,256,121	630,275	50.10%
Spegea Sc a rl	Bari	125,000	149,384	162,173	2,077,611	3,482,793	60.00%
Svimservice S.p.A.	Molfetta (BA)	1,548,000	4,111,021	6,304,116	23,320,099	24,883,299	100.00%
Wel.Network S.p.A.	Piacenza	1,500,000	(363,989)	913,235	10,827,617	10,255,648	100.00%

Farm Multimedia S.r.l. and Al Faro Srl both in liquidation, 100% controlled, are not included among the consolidated companies, as they are not pertinent.

The consolidation area was changed compared to 31 December 2009 due to the acquisition of **Datilog Srl.** and **the Prosap Group** shares, as described in the Significant events paragraph.

INFORMATION ON THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

All the entries making up the assets and liabilities in the Consolidated Statement of Assets and Liabilities are shown in detail, drawn up in accordance with international IAS/IFRS accounting principles.

For the purposes of data comparison with the previous financial period, it should be noted that the data for 2010 includes the balances relative to the newly acquired companies (acquired in 2010) as already described in the "Significant Group data" paragraph of the Management Report.

All the figures shown in the tables below are in Euro.

NON-CURRENT ASSETS

PROPERTY, PLANT AND MACHINERY

The net consistency relative to the “**property, plant and machinery**” amounts to Euro 10,603,449 compared to Euro 10,233,350 at 31 December 2009.

Categories	Historical cost 01/01/10	Inc. per new area of consolid.	Inc.	Dec.	Historical cost at 31/12/10	Reserve prov. at 01/01/10	Reserve prov. new consolid.	Provision for period	Dec.	Cum. prov.	Net value at 31/12/10
Land	247,716	-	-	-	247,716	-	-	-	-	-	247,716
Buildings	7,696,195	-	92,298	-	7,788,493	(1,218,117)	-	(231,627)	-	(1,449,744)	6,338,749
Others	14,683,520	245,527	927,780	(587,704)	15,269,123	(11,272,480)	(155,017)	(660,985)	582,028	(11,506,454)	3,762,669
Fixed assets in progress	96,516	-	157,799	-	254,315	-	-	-	-	-	254,315
TOTAL	***22,723,947***	***245,527***	***1,177,877***	***(587,704)***	***23,559,647***	***(12,490,597)***	***(155,017)***	***(892,612)***	***582,028***	***(12,956,198)***	***10,603,449***

The **"increase for the new consolidation area"**, equal to Euro 245,527, is relative to the contributions from Datilog Srl and the ProSAP Group, as already reported in the "Significant events" paragraph. In particular, the item is mainly attributable to electronic office equipment (Euro 192,409), furniture and furnishings (Euro 31,705).

The increase in the **"buildings"** entry, equal to Euro 92,298, is related to the costs incurred for expansion work carried out at the Molfetta offices.

The variations in **"others"**, equal to Euro 927,780, was mainly attributable to the purchase of electronic office machinery (Euro 227,468), furniture and furnishings (Euro 19,172), plant and machinery (Euro 16,914) and leased assets (Euro 644,156).

It should be noted that:

- for items of financial leasing, the net accounting value amounts to Euro 1,163,312 and is relative to electronic office machinery for Euro 968,084, Software for Euro 59,521, furniture and furnishings for Euro 119,819 and, finally, company cars for Euro 15,888. It should also be noted that the minimum future payments within one year, are equal to Euro 292,586, while those for one to five years are equal to Euro 870,726.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE LIFE

"**Goodwill and other assets with an indefinite life** " showed a balance of Euro 64,931,863 at 31 December 2010 compared to Euro 62,766,930 at 31 December 2009.

The details of the entries are shown in the table below:

Categories	Historical cost 01/01/10	Increases	Total historical cost at 31/12/10			Accum. deprec.	Net value at 31/12/10
COST OF GOODWILL ABACO MERGER	461,168	-	461,168	-	-	-	461,168
GOODWILL DIVESTMENT AZ AIS PS BRANCH	1,767,655	-	1,767,655	-	-	-	1,767,655
GOODWILL DIVESTMENT KTONES BRANCH	517,714	-	517,714	-	-	-	517,714
DIFFERENCE ETA BETA MERGER	3,040,710	-	3,040,710	-	-	-	3,040,710
DIFFERENCE AIS MEDICAL MERGER	3,913,764	-	3,913,764	-	-	-	3,913,764
GOODWILL AURORA BRANCH	1,316,390	-	1,316,390	-	-	-	1,316,390
GOODWILL	18,631,899	-	18,631,899	(227,130)	(29,442)	(256,572)	18,375,326
GOODWILL RECO MERGER			-				
DIFFERENCE FROM CONSOLIDATION	33,695,612	2,306,705	36,002,317	(350,852)	(112,330)	(463,182)	35,539,136
TOTAL	***63,344,912***	***2,306,705***	***65,651,617***	***(577,982)***	***(141,772)***	***(719,754)***	***64,931,863***

The table below shows the calculation of the consolidation difference for each consolidated company.

Company	Date of acquis.	Controlling share	Value of holding	Ref. Net worth			Difference from consolidation generated
Datilog S.r.l.	30/11/09	52%	138,000	48,400			89,600
Exprivia Customer Services Srl	11/06/04	100%	10,329	(11,752)	22,081		-
Exprivia Projects S.p.A.	11/06/04	100%	1,741,391	406,891			1,334,500
Exprivia SL	19/05/08	60%	104,158	62,293	41,864		0
Exprivia Solutions S.p.A.	14/04/05	100%	2,017,000	1,504,338			512,662
GST S.r.l.	14/04/05	63.2%	625,525	320,948			304,577
Infaber Srl	14/04/05	50.1%	77,200	55,110	22,090	-	0
ProSap	30/09/10	51.1%	2,610,796	393,691			2,217,105
Network Services Srl	31/10/08	100%	1,328,650	205,350	210,550	112,330	800,420
Reco Sistemi Srl	29/12/05	63.2%	77,500	23,234	54,266		0
Svimservice S.p.A.	30/11/07	100%	27,030,299	4,721,011			22,309,288
Wel.Network S.p.A.	30/11/07	100%	10,050,830	2,079,846			7,970,984
TOTAL			***45,811,677***	***9,809,361***	***350,851***	***112,330***	***35,539,136***

Please note that the **Consolidation difference** was generated through the effect of the integral consolidation of the subsidiaries, included in the consolidation area, through the elimination of the value of the shares against their net worth.

The table below shows the "consolidation difference" with the variations arising at 31 December 2010 compared to 31 December 2009.

Company	31/12/2010	31/12/2009	Variation
Datilog Srl	89,600	-	89,600
Exprivia Projects S.p.A.	1,334,500	1,334,500	-
Exprivia Solutions S.p.A.	512,662	512,662	-
GST S.r.l.	304,577	304,577	-
Network Service Srl	800,420	912,750	(112,330)
ProSap	2,217,105		2,217,105
Svimservice S.p.A.	22,309,289	22,309,289	-
Wel.Network S.p.A.	7,970,984	7,970,984	-
TOTAL	***35,539,136***	***33,344,760***	***2,194,375***

In particular, the value relative to the Prosap Group stems from the fact that the contract includes the purchase of 51.12% at a spot price (kEuro 1,088). In addition, there is the possibility of two additional fees to be paid to the sellers (earn-out) to be calculated based on ProSAP Group's financial statements at 31/12/2012 and at 31/12/2014. The estimate of the value is needed for the valorisation of the participation on the basis of IFRS 3 revised par.39. The Company has determined the potential earn-out based on prospective data, determining at kEuro 1,523. A consolidation difference of kEuro 2,217 emerges from the comparison of the participation value determined this way and the corresponding fraction of the net worth at the acquisition date.

INFORMATION ON THE VERIFICATIONS TO REDUCE THE GOODWILL VALUE AND THE VALUE OF OTHER ACTIVITIES WITH AN INDEFINITE USEFUL LIFE: IMPAIRMENT TEST

Scope

Accounting standard IAS 36 requires the evaluation of impairment losses on tangible and intangible assets in the presence of indicators which suggest that this problem could exist.

In the case of goodwill, as well as all other intangible assets with indefinite useful lives, the verification of value must be done annually or more frequently in the case of special negative events that involve a presumption of impairment, through the so-called "impairment test".

Identification and allocation of goodwill: Cash Generating Unit

Not accounting for goodwill, based on international accounting standards, a business that is unable to generate cash flows independently from other assets or groups of assets, can not be separately tested for impairment compared to other activities to which it is connected.

For these purposes, goodwill must be allocated to a CGU or a group of CGUs, in compliance with the maximum aggregate bond coinciding with the notion of the business segment referred to in IFRS 8.

Regarding the Exprivia Group, the goodwill was allocated to the referenced CGUs as follows:

- the goodwill originating as a result of business mergers through which the acquired assets were converged, from an operational point of view, in specific CGUs, were allocated to the respective reference CGUs.
- the goodwill originating as a result of business mergers through which assets were acquired that at present are not specifically related to individual CGUs because they are transversely converged in different CGUs that are presently identified, were attributed to different CGUs in proportion to the produced sales volumes.

The following table summarises the allocation of goodwill to the identified CGUs:

Goodwill and other intangible assets with indefinite useful life	Value at 31/12/2010	CGU Banking Finance	CGU Industry & Media	CGU Public Administration	CGU Oil, Gas & Telecom.	CGU Health and Local Bodies	CGU Prosap
GOODWILL COST FOR ABACO MERGER	461,168	135,062	137,880	188,226			
GOODWILL FOR ACQUISITION AIS PS BRANCH	1,767,655	517,692	528,494	721,469			
GOODWILL FOR ACQUISITION KSTONES BRANCH	517,714	151,623	154,786	211,305			
DIFFERENCE FOR ETA BETA MERGER	3,040,710	3,040,710					
DIFFERENCE FOR AIS MEDICAL MERGER	3,913,764					3,913,764	
GOODWILL (Abaco Inf. Services)	14,803,902	4,335,609	4,426,078	6,042,215			
GOODWILL (Welnetwork)	3,571,424				3,571,424		
GOODWILL (Aurora)	1,316,390					1,316,390	
CONSOLIDATION DIFFERENCE Exprivia Solutions S.p.A.	1,313,082	384,561	392,586	535,935			
CONSOLIDATION DIFFERENCE GST S.r.l.	304,577					304,577	
CONSOLIDATION DIFFERENCE Exprivia Projects S.p.A.	1,334,500	390,834	398,989	544,676			
CONSOLIDATION DIFFERENCE Svimservice S.p.A.	22,309,288					22,309,288	
CONSOLIDATION DIFFERENCE Wel.Network S.p.A.	7,970,984				7,970,984		
CONSOLIDATION DIFFERENCE Datilog Srl	89,600		89,600				
CONSOLIDATION DIFFERENCE Prosap Group	2,217,105						2,217,105
TOTAL	***64,931,863***	***8,956,091***	***6,128,415***	***8,243,825***	***11,542,408***	***27,844,019***	***2,217,105***

Reduction in value verification process and evaluation system

The recoverability of the amount of goodwill in the balance sheet and verified by comparing the value allocated to each CGU and the recoverable amount of each CGU in the acceptance for value. At the date of analysis, the latter is identified as the present value of future cash flows which are expected to be generated by the CGUs. The "DCF_Discounted Cash Flow" model was used in determining the value of use. The DCF provides for the discounting of future cash flows estimated by applying an appropriate discount rate.

Identifying financial flows

For the purposes of the projections, as required by IAS 36, strict reference was made to the current conditions of use of each CGU regardless of the cash flows from any incremental investment plans and extraordinary operations that may be "discontinuities" of the normal business operations. Therefore, the projections of the financial flows used to evaluate the value corresponding to a five year plan that during the first year foresees growth levels in line with the 2011 budget assumptions and, prudentially, contained levels of growth for the next four years. Given the explanations above, the plan must be understood strictly drawn up for the purpose of this test, and in this sense, approved by the administrative body.

Basic assumptions and sensitivity analysis

The table below shows a summary of the main assumptions on which the determination of the recoverable amount of all CGUs is based:

Expected cash flows	
EXTENSION OF THE FORECAST ANALYSIS PERIOD	5 ANNI
LONG-TERM GROWTH RATE (G)	0.0%
DETERMINATION OF THE TERMINAL VALUE	Valore attuale della rendita perpetua del flusso generato nell'ultimo anno di previsione scontato del 20%
Discount rate	
RISK FREE RATE	0.0%
EQUITY RISK PREMIUM	0.0%
BETA	-
WACC PRE TAX	0.00%

A sensitivity analysis was carried out on the impairment test results that shows that the values in use are higher than book values even when assuming a variation of key parameters such as:

- an increase in the weighted average cost of capital of 0.50 hundredths of a percentage point;
- a decrease in the "G" growth rate of 0.50 hundredths of a percentage point;
- a failure to reach the 5% of the 2011 budget targets in terms of production revenues, on which the expected financial flow projections are based.

Conclusions

The tests carried out did not show any loss of value.

OTHER INTANGIBLE ASSETS

The entry **Other intangible assets** shows a balance, net of amortisation, of Euro 3,915,834 at 31 December 2010 compared to Euro 4,190,604 at 31 December 2009.

The summary of the entries is shown in the following table.

Categories	Historic cost	Increases at 31/12/10	Variation to consol. of cos	Dec. al 31/12/10	Rettifiche IAS	Total historic cost at	Deprec. fund at 01/01/10	Variation to consol. of cos	Deprec. quota for period	Decrementi	Cumulated deprec.	Net value at 31/12/10
Cost of plant and extension	119,588	0	0	0	-	119,588	(119,588)	0	0	0	(119,588)	-
Development of advertising	26,135,384	1,403,845	139,953	0	-	27,679,182	(22,749,708)	0	(1,547,007)		(24,296,715)	3,382,468
Patents and Intellectual Property Rights	2,681,061	18,637	13,338	0	-	2,713,036	(2,581,941)	(9,669)	(32,324)	0	(2,623,934)	89,100
Permits, brands	414,853	980	14,417	0	-	430,250	(145,023)	(13,838)	(24,753)	0	(183,614)	246,635
Assets under constr. & payment on a/c	308,666	0	0	(308,666)	-	0	-	-	-	-	-	0
Sundries	2,258,774	145,311	0	0	-	2,404,085	(2,139,021)	0	(67,433)	0	(2,206,454)	197,630
TOTAL	***31,918,326***	***1,568,773***	***167,708***	***(308,666)***	***0***	***33,346,141***	***(27,735,281)***	***(23,507)***	***(1,671,516)***	***0***	***(29,430,305)***	***3,915,834***

The increase of Euro 1,568,773 for the period is mainly attributed to, for Euro 1,403,845, investments in**development** aimed at developing software applications in the banking, medical and manufacturing fields.

SHAREHOLDINGS

The balance of the **"Shareholdings"** at 31 December 2010 amounted to Euro 1,825,285 compared to Euro 1,754,752 at 31 December 2009.

The composition of the shareholdings is described below.

SHAREHOLDINGS IN SUBSIDIARIES

At 31 December 2010, the balance totalled Euro 51,646 and does not change compared to 31 December 2009. It is relative to the purchase cost of the shareholding in Al Faro Srl in liquidation no longer entered in the consolidation area since it is not relevant.

The Group holds 100% shareholding in Farm Multimedia S.r.l. in liquidation, whose accounting value has been zeroed.

SHAREHOLDINGS IN AFFILIATED COMPANIES

The balance of **"shareholdings in affiliated companies"**, at 31 December 2010, totalled Euro 185,688, compared to Euro 306,028 at 31 December 2009. The increase, equal to Euro 120,340, is relative to the depreciation of the shareholdings in Pervoice S.p.A. (a GST S.rl. associated company) following its recapitalisation.

It should be noted that the Group also has a shareholding of 32.80% in the bankrupt company Mindmotion Srl, whose accounting value has been zeroed.

The details of the entries are shown in the table below:

Description	31/12/2010	31/12/2009	Variation
Pervoice	149,660	270,000	(120,340)
S2B Soc. Consortile	36,028	36,028	-
TOTAL	***185,688***	***306,028***	***(120,340)***

SHAREHOLDINGS IN OTHER COMPANIES

The balance of **"Shareholdings in other companies"** at 31 December 2010 is equal to Euro 1,587,951 compared to Euro 1,397,951 at 31 December 2009.

The details of the entries are shown in the table below:

Description	31/12/2010	31/12/2009	Variation
Mo.ma		6,197	(6,197)
Ultimo Miglio Sanitario	2,500	2,500	0
Certia	516	516	0
Conai	9	9	0
Finapi	775	775	0
Cered Software	104	104	0
Società Consortile Piano del Cavaliere	516	516	0
Consorzio Pugliatech	2,000	2,000	0
Iqs New Srl	1,291	1,291	0
Consorzio Conca Barese	2,000	2,000	0
Software Engineering Research	12,000	12,000	0
Advanced Computer Systems	1,420,816	1,235,816	185,000
Consorzio Biogene	3,000	3,000	0
SELP	100,000	100,000	0
Consorzio Daisy-Net Partecipation	13,939	1,460	12,479
Cattolica Popolare Soc. Cooperativa	23,491	23,491	0
Distretto Produttivo dell'Informatica			0
Banca di Credito Cooperativo	2,461	2,370	91
ENFAPI CONFIND Partecipation	1,033	1,033	0
Moda Mediter Partecipation		2,000	(2,000)
Consorzio Semantic Valley	1,500		1,500
TOTAL	***1,587,951***	***1,397,078***	***190,873***

The most significant increase is attributable to the purchase of a further 8.52% of the Advanced Computer Systems shareholdings, as described under "Significant Events".

The Company continues to deem the shareholding in Advanced Computer Systems (ACS) strategic, for which no long-term loss in value is shown.

OTHER FINANCIAL ASSETS

RECEIVABLES TO SUBSIDIARIES

The balance of **“receivables to subsidiaries”,** at 31 December 2010, was Euro 21,488 compared to Euro 20,388 at 31 December 2009 and refers to loans granted to the subsidiaries Farm Multimedia S.r.l. in liquidation (credit fully depreciated) and Al Faro S.r.l. in liquidation, no longer consolidated since it is not relevant.

OTHER RECEIVABLES

The balance of **“other receivables”,** at 31 December 2010 was Euro 148,160 compared to Euro 123,405 at 31 December 2009. The change is reported in the table below.

Description	31/12/2010	31/12/2009	Variation
Credit for call and put	13,333	13,333	-
Long term deposit	121,056	82,023	39,033
Financial recivables	13,771	28,049	(14,278)
TOTAL	***148,160***	***123,405***	***24,755***

DEFERRED TAX ASSETS

The balance of **"deferred tax assets"** was Euro 1,204,410 compared to Euro 1,051,270 at 31 December 2009, and refers to taxes on temporary variations arising from the effect of the application of the international accounting principles IAS/IFRS, deemed recoverable in the next financial periods.

CURRENT ASSETS

COMMERCIAL RECEIVABLES AND OTHERS

RECEIVABLES TO CUSTOMERS

The balance of **"receivables to customers"**, net of the bad debts provision, amounted to Euro 52,004,102 with respect to Euro 50,435,282 at 31 December 2009.

The following table shows the detail of the accounting entries, including the comparison with 31 December 2009.

Description	31/12/2010	31/12/2009	Variation
To Italian customers	40,369,374	42,988,520	(2,619,146)
To foreign customers	1,615,890	931,061	684,829
To public bodies	14,333,104	10,115,928	4,217,176
S-total receivables to customers	***56,318,368***	***54,035,510***	***2,282,859***
Less: provision for bad debts	(4,314,266)	(3,600,228)	(714,038)
Total receivables to customers	***52,004,102***	***50,435,282***	***1,568,820***

Receivables to customers were made up as specified below.

Details	31/12/2010	31/12/2009	Variation
To third parties	48,068,440	43,818,977	4,249,463
Invoices for issue to third parties	8,249,928	10,216,533	(1,966,605)
TOTAL	***56,318,368***	***54,035,510***	***2,282,859***

The value of invoices to issue reflects the particular type of business in which group companies operate so, although many contracts can be invoiced on a monthly basis, others must follow an authorising process which does not necessarily finish in the reference month for their issue. The amount shown in the balance sheet relates to what had been matured up to December included and what will be invoiced in the following months.

RECEIVABLES TO AFFILIATED COMPANIES

The balance of **“receivables to affiliated companies”** was Euro 19,894 compared to Euro 25,000 at 31 December 2009 and refers to a loan granted to the subsidiary G.S.T. S.r.l. to its associated Pervoice S.r.l..

RECEIVABLES TO PARENT COMPANIES

The balance of **“receivables to parent companies”** was Euro 805,992 compared to Euro 785,766 dated 31 December 2009 and refers to a loan granted both to the Parent company (for Euro 223,713) and the subsidiary Exprivia Solutions S.p.A. (for Euro 582,279) to the parent company Abaco Innovazione S.p.A..

OTHER RECEIVABLES

The balance of **“other receivables”** was Euro 10,667,126 compared to Euro 9,749,371 at 31 December 2009. It should be noted that for 2010 the "accruals and deferrals" are reclassified under "other receivables" and are therefore considered to be reclassified for the comparative data for 2009.

The Table below shows the movements occurring.

Description	31/12/2010	31/12/2009	Variation
EU/Indep. Province Trento/Regione Lazio contributions	129,222	475,022	(345,800)
Receivables to consortia	929	929	0
Receivables CNOS project	1,304,868	1,343,398	(38,530)
Receivables to MIUR	323,330		323,330
Receivables Fondimpresa	35,050	36,296	(1,246)
Receivables to POR Puglia- Pugliatech	1,079,668	1,121,075	(41,407)
Receivables Agriplan Project	821,000	821,000	0
Receivables to Lab. 8	698,125	698,125	0
Recaivables to SlimSafe	451,111	451,111	0
Receivables to PIA Innovazione	1,974,014	1,974,014	0
Receivables L. 488/92 for contrib. decided	684,508	684,508	0
Receivables L. 598/94	202,692	317,745	(115,053)
Receivables to s/holders for holdings/spin-offs	19,109	31,589	(12,480)
Advances to suppliers for services	616,272	182,714	433,559
Sundry credits	96,125	34,281	61,844
Receivables to factoring	423,775	461,144	(37,369)
Receivables to welfare institutes/INAIL	9,081	5,547	3,533
Receivables to employees	30,225	43,511	(13,286)
Receivables INPS for CIG	87,198		
Guaranteed securities	96,385	110,672	(14,287)
Costs pertaining to future years	1,584,439	956,790	627,649
TOTAL	***10,667,126***	***9,749,471***	***830,457***

The credits relating to contributions, the collected quota of which has a contra entry in “other receivables” in the liabilities of the Statement of Assets and Liabilities, refer to provisional assignment decisions of admission to facilitation. These entries will be zeroed with the deposit of the balance of the contributions following the respective final tests by the respective Ministries.

The item **"costs apportioned to future financial periods"** for Euro 1,584,439, refers mainly to deferrals of maintenance costs for future financial periods.

TAX RECEIVABLES

The **"tax receivables"** at 31 December 2010 are Euro 1,032,283 compared to Euro 1,124,764 at 31 December 2009 and are made up as detailed in the table below.

Description	31/12/2010	31/12/2009	Variation
Receivables to tax a/c - IRES	42,622	35,961	6,661
Receivables to tax a/c - IRAP	195,201	42,054	153,147
Tax authority w/holding taxes on interest income	2,756	32,201	(29,445)
Art. R&S L. 296/06 tax credits	0	116,345	(116,345)
Tax authority deductions on foreign payments	85,867	3,590	82,277
Credits to tax authority for VAT	202,440	122,764	79,676
Credits on substitute severance fund tax	18,860	17,850	1,010
Credits with tax authority	51,574	108,273	(56,699)
Advanced Tax Credits	344,614	522,035	(177,421)
Art. 8 tax credits	88,350	123,691	(35,341)
TOTAL	***1,032,283***	***1,124,764***	***(92,481)***

STOCK

The **"stock"** amounting to Euro 187,635 compared to Euro 369,852 at 31 December 2009 and refers to hardware and software products purchased by the Group companies and are will presumably be sold within the next financial period.

CONTRACT WORK IN PROGRESS

The **"contract work in progress"** amounts to Euro 19,735,468 compared to Euro 11,016,505 at 31 December 2009 and refers to orders of work in progress; it is emphasised that this item primarily refers to:

- Euro 7,325,356 to the progress of the job of the "New Regional Health System" of Puglia Region (N-SISR Puglia)
- Euro 6,462,143 to the progress of the job for the supply of the integrated systems for the management of the data and images in radiology and cardiology of the A.S.L. of Asti
- per Euro 2,289,385 for training jobs. With reference to these, they are separated into "accounting orders" and "market orders". The first are training projects financed by public bodies, subject to accounting of the costs and checks on them while the second are the so-called 'market' orders consisting of training projects not subject to accounting as the customers are represented by public bodies or private companies; the value of the work in progress is shown in the in the financial statements as the gross amount of the advance payments from customers, reported in a specific item of liabilities amounting to 2,093,781 at 31 December 2010.

CURRENT FINANCIAL ASSETS

OTHER SHARES

The **"other shares"** amount to Euro 318 and remain unchanged compared to 31 December 2009.

LIQUIDITY

The **"liquidity"** amounts to Euro 7,276,753 compared to Euro 5,988,680 at 31 December 2009 and is relative to Euro 7,257,793 for current bank balances and Euro 18,960 for cheques and cash.

NET WORTH

SHARE CAPITAL

The fully paid **"Share Capital"**, amounts to Euro 26,979,658.16 and is represented by No. 51,883,958 ordinary shares with a nominal value of Euro 0.52 each and has increased by Euro 610,740 compared to 31 December 2009 due to the signing of the first tranche of the stock option plan as described in the "Stock Option Plan".

SHARE PREMIUM RESERVE

The **"Share premium reserve"**, at 31.12.10, totalled Euro 18,081,738, compared to Euro 17,645,059 of 31 December 2009. The increase, equal to Euro 436,679, can be attributed mainly to the subscription of the first tranche of the stock option plan as already described in the paragraph **"share capital".**

REVALUATION RESERVE

The **"Revaluation reserve",** at 31 December 2010, totalled Euro 2,907,138 and has not changed compared to 31 December 2009.

OTHER RESERVES

The balance of **"other reserves"** totalled Euro 7,478,094 compared to Euro 4,452,066 at 31 December 2009 and refers to the following:

- Euro 621,831 **"legal reserve"**, increased by Euro 227,343 compared to 31 December 2009 following the allocation of 5% of the result of the Parent Company Exprivia S.p.A. from the previous year, as decided by the Shareholders' Meeting on 20 April 2010;
- Euro 5,373,534 for the **"extraordinary reserve"** compared to Euro 3,105,075 at 31 December 2009. The variation can be attributed, for Euro 2,264,739 to the allocation of the result of 2009 of the Parent Company Exprivia S.p.A., as decided by the Shareholders' meeting on 20 April 2010, and for Euro 3,720 relating to the dividend, not distributed, relating to treasury shares held by Exprivia upon detachment of the coupon;
- Euro 1,103,511 **"other reserves"** compared to Euro 573,285 of 31 December 2009. The variation of Euro 321,629 can be attributed to:
  - Euro 68,878 relating to the net value of the share premium resulting from purchase and sale operations of own shares

- Euro 474,808 relating to the increase in the "Stock option reserve", set up to signal the amount relating to the exercise of the option rights following the implementation of the stock option plan, which went from Euro 1,115,523 at 31 December 2009 to Euro 1,590,331 at 31 December 2010
- Euro -13,460 relating to the costs incurred for consulting to exercise the stock option plan for the first tranche
- Euro 101,875 **"IAS/IFRS transition reserve"** deriving from the variations made as a consequence of adopting the IFRS, and has not undergone variations compared to 31 December 2009;
- Euro 501,236 **"IAS/IFRS transition available reserve"** refers basically to the revaluation and IAS/IFRS transition reserves, which became available as a result of the accrued depreciation. There has been no variations with respect to 31 December 2009;
- Euro -236,486 **"IAS/IFRS tax effect reserve"** represents the tax effect calculated on the variations made after adopting the IFRS accounting standards and has not undergone variations with respect to 31 December 2009;
- Euro 12,593 **"IAS/IFRS tax effect available reserve"** is the tax effect calculated on the variations made after adopting the IFRS accounting standards and has not undergone variations compared to 31 December 2009.

PROFIT IN PREVIOUS PERIODS

The **profit in previous periods** at 31 December 2010 was Euro 6,243,417 compared to Euro 5,294,359 at 31 December 2009.

RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION	Result to 31/12/2009	Sundries	Net Worth at 31/12/2009	Result for period to 30/06/2010	Sundries	Net Worth at 30/06/2010
Exprivia S.p.A.	*4,546,860*	*(1,085,482)*	*55,871,671*	*5,308,350*	*(425,043)*	*60,754,978*
Contribution of subsidiaries	4,444,572		10,302,976	4,641,574		14,944,550
Depreciation and cover for losses of subsidiaries			3,322,000			3,322,000
Elimination capital gain divestment of Exprivia Projects branch/Elimination Svimservice dividends	(3,705,058)		(5,777,459)	(3,955,676)		(9,733,135)
Elimination intercompany licence purchases/Elimination WelNetwork dividends	(294,296)		(971,391)	(1,064,949)		(2,036,340)
Elimination capital gain divestment AIS Professional branch in liquidation			(1,767,655)			(1,767,655)
Cover losses Exprivia / SPEGEA	49,966					
Variation in consolidation of companies			681,073		453,873	1,134,946
Contribution of third parties to net worth			(398,828)		(430,332)	(829,160)
TOTAL GROUP NET WORTH	*5,042,044*	*(1,085,482)*	*61,262,387*	*4,929,299*	*(401,502)*	*65,790,184*

NON-CURRENT LIABILITIES

NON-CURRENT PAYABLES TO BANKS

The balance of the **"Non-current payables to banks"** at 31 December 2010 amounted to Euro 23,031,905 compared to Euro 18,749,611 at 31 December 2009, and is relative to the medium-term financing opened with leading Credit Institutes and financing at a favourable rate of interest for specific investment plans.

The table below shows the detail of the entries with the record of the non-current payables quota (Euro 23,031,905) and the current quota (Euro 6,158,672).

Financial institute	Type	Contractual amount	Amount distrib. at 31.12.10	Date of contract	Expiry date	Repay-ment date	Rate applied	Residual capital at 31.12.10	To be repaid in 12 mths	To be repaid beyond 12 mths
Banca Nazionale del Lavoro	Financing	18,000,000	18,000,000	30/11/07	30/11/15	semi-annual	Euribor 6 mesi + 1,7%	12,857,141	2,571,430	10,285,711
Banca Nazionale del Lavoro	Mutual	2,400,000	2,400,000	15/10/04	30/09/14	semi-annual	Euribor 6 mesi + 1,2%	1,129,412	282,353	847,059
Deteuche Bank	Financing	1,500,000	1,500,000	16/07/09	23/06/13	quarterly	Euribor 3 mesi + 0,9%	1,031,250	375,000	656,250
Deteuche Bank	Financing	500,000	500,000	03/12/10	02/06/13	quarterly	Euribor 3 mesi + 1,2%	500,000		500,000
MPS Capital Services	Financing	1,783,332	1,480,166	05/08/03	05/08/13	annual	0.96%	301,717	301,717	
Ministero dell'Università e della Ricerca	Financing	1,430,905	575,698	12/04/07	01/07/16	semi-annual	0.50%	400,545	88,243	312,302
Ministero dell'Università e della Ricerca	Financing	2,151,000	1,787,006	27/12/09	27/02/19	annual	0.87%	1,615,190	173,310	1,441,880
Antonveneta	Financing	5,000,000	5,000,000	04/05/10	10/05/17	montly	Euribor 3 mesi + 2,5%	5,000,000	662,575	4,337,425
BNP Paribas Lease Group	Financing	548,600	548,600	24/09/10	30/09/12	quarterly	1.999%	480,025	274,300	205,725
Ministero dell'Università e della Ricerca	Financing	934,900	380,624	10/01/08	01/07/15	semi-annual	0.50%	312,195	68,772	243,423
Cassa di Risparmio di Parme e Piacenza	Financing	380,000	380,000	21/01/09	21/10/12	quarterly	Euribor 3 mesi + 1,375%	196,606	96,962	99,644
Cassa Rurale di Aldeno e Cadine	Financing	300,000	300,000	25/09/07	25/09/13	montly	Euribor 1 mese + 0,9%	173,982	61,340	112,642
Centrobanca	Financing	2,025,228	1,822,705	28/12/04	05/08/16	annual	0.96%	1,118,788	185,671	933,117
Cassa Depositi e Prestiti	Financing	1,244,100	1,119,600	27/07/09	30/06/14	semi-annual	0.50%	786,714	223,374	563,340
Banca Popolare di Bari	Financing	138,234	124,413	27/07/09	30/06/14	semi-annual	2.65%	124,413	49,104	75,309
Banca Popolare di Bari	Financing	3,000,000	3,000,000	04/12/09	31/12/14	semi-annual	Euribor 6 mesi + 2,5%	3,000,000	662,368	2,337,632
Cajamadrid	Financing	150,000	150,000	17/04/09	25/05/12	montly	5.679%	87,599	61,101	26,498
Cajamadrid	Financing	75,000	75,000	30/04/10	25/05/13	montly	5.367%	75,000	21,052	53,948
TOTAL								***31,190,577***	***6,158,672***	***23,031,905***

MEDIUM-TERM FINANCING CONTRACT

On 8 May 2008, Exprivia signed the medium-term financing for a maximum overall amount of Euro 20,500,000.00 (twenty million five hundred thousand/00 Euro) with a syndicate of banks consisting of BNL, as leader and lead arranger, Centrobanca-Banca di Credito Finanziario e Mobiliare S.p.A., UnicreditCorporate Banking S.p.A. and Banca Antonveneta S.p.A.

In particular, in accordance with the provisions of the medium-term financing, the financing banks granted the following lines of medium-term credit to Exprivia:

1) a cash line, called "Line A", for an overall maximum amount of Euro 3,000,000.00 (three million/00) to finance the payment of the Svimservice Share Premium and to be repaid by 30 November 2015;

2) a cash line, called "Line B", for an overall maximum amount of Euro 15,000,000.00 (fifteen million/00) for refinancing part of the bridging loan and to be repaid by 30 November 2015;

3) a revolving line to be used for cash called 'Revolving Line' for an overall maximum amount of Euro 2,500,000.00 (two million, five hundred thousand/00) to finance the working capital and the company's general cash needs, which results to be completely repaid at 31 December 2010.

The medium-term financing is aided by the following collateral securities:

1) a second lien, granted by the controlling company Abaco Innovazione S.p.A., on a number of Exprivia shares such that the ratio between the value on the Stock Exchange of those shares and the residual loan is always 125%;

2) a lien on 100% of the share capital of Svimservice and Wel.Network;

3) the second mortgage on the property owned by the Company in Viale Adriano Olivetti 11/a, Molfetta;

4) the assignment as guarantee of credits and indemnities arising from the purchase contracts of Wel.Network S.p.A. and Svimservice S.p.A.;

5) assignment as guarantee of credits arising from the supply contracts for services and/or software signed by the company for an amount sufficient to cover the debt servicing for at least one year, at any time; this guarantee can be replaced and/or integrated by a current account lien on which sums of money sufficient to cover 50% of the difference between a year of debt servicing and the value of the credits sold as guarantee will be deposited by the company.

The medium-term loan provides for the respect of the financial parameters indicated below for the whole of its duration:

Reference date	**Net Financial Indebtedness/EBITDA** *not exceeding*	**Net Financial Indebtedness / Net Worth** *not exceeding*	**Free Cash Flow / Debt Servicing** *not less than*	**Overall investments** *not exceeding*
30.06.2010	2,9	0,7	1,0	3.500
31.12.2010	2,9	0,7	1,0	3.500
30.06.2011	2,6	0,6	1,0	3.800
31.12.2011	2,6	0,6	1,0	3.800
30.06.2012	2,2	0,5	0,9	3.800
31.12.2012	2,2	0,5	0,9	3.800
30.06.2013	2,0	0,5	0,9	4.200
31.12.2013	2,0	0,5	1,0	4.200
30.06.2014	1,8	0,5	1,0	4.200
31.12.2014	1,8	0,5	1,0	4.200
30.06.2015	1,6	0,5	1,0	4.200
31.12.2015	1,6	0,5	1,0	4.200

These financial parameters on a consolidated basis will be measured every six months by 30 April and 30 September of each year and will refer to the 12 months preceding the 30 June and the 31 December of each year, using standard calculation criteria agreed by the parties.

Failure to respect the above-mentioned parameters and the undertakings set out in the medium-term loan will give the financing banks the right to ask Exprivia for immediate reimbursement, a circumstance which will have negative effects on the economic, capital and financial situation of Exprivia and the overall group.

It should noted that on 27 August 2010, by mutual agreement, the Company and the pool of banks headed by BNL have modified the financial parameters of the Medium Term Financing, in line with the new 2010 – 2013 Industrial Plan presented by the Company.

In addition, it should be noted that, in the sphere of the agreements relating to the Medium-Term Loan, Exprivia transferred any indemnity that the seller of Wel.Network was required to pay to Exprivia, as guarantee to BNL, following the ascertained breach in fiscal and tax matters (see the details of the entry ‘Funds for Risks and Charges’) as set out by the Wel.Network contract; the collection of this indemnity and its resulting transfer to BNL, would go to the reduction of the residual debt on the Medium-Term Loan. If, instead, this indemnity was paid directly to Wel.Network, it would not come under the guarantee sold to BNL and would remain in the total availability of Wel.Network.

In addition to the above, specific limitations and duties are set out for Exprivia S.p.A. such as, inter alia:

1) the undertaking to maintain, directly or indirectly through a subsidiary company, a holding of 100% of the share capital of Svimservice and Wel.Network;
2) the maintenance in place of the insurance cover on its activity and assets in conformity with good commercial practice with leading insurance companies corresponding, however, to those currently in being;
3) the undertaking to not create real or contractual limitations of any kind to guarantee its own bonds and/or those of third parties, for tangible or intangible assets or its own shareholdings in companies or its credits without the prior consent of the financing banks;
4) the undertaking to not sell, assign, transfer, exchange, or however dispose of its assets in any way, except for the case in which the act of disposal (i) concerns one or more obsolete fixed assets and its own shares; or (ii) the value is not higher than Euro 3,000,000.00 for each act of disposal;
5) the undertaking to not distribute dividends totalling more than 50% of the net profit for the duration of the medium-term loan, as long as all the financial parameters set out by the loan are respected following the distribution of dividends;

Exprivia and the other companies of the Exprivia group will not be able to make any extraordinary operation, including mergers, spin-offs, company restructuring, make conveyances, purchase companies or branches of companies, modify its body of shareholders unless for operations already decided by the board of directors of the company and extraordinary operations previously authorised in writing by the financing banks.

Further, in accordance with the medium-term loan, there is an undertaking to ensure that the duty to repay any financing received from present or future partners, in any technical form, is entirely retained and subordinated to the complete repayment of the loan.

Lastly, the medium-term loan sets out so-called cross default clauses, as a result of which the occurrence of certain events set out by other financing contracts as causes of non-fulfillment (such as the failure to repay the sums supplied or the loss of the benefit of the term) is also considered as non-fulfillment by the medium-term loan. These events could, therefore, result in the accelerated maturity and the consequent duty to also repay the medium-term loan. A non-fulfillment of that financing contract could then further result in the acceleration of other loans with cross acceleration or cross default clauses.

BNL mortgage

The mortgage for Euro 2,400,000, originally underwritten by Abaco Innovazione S.p.A. on 15 October 2004 for financial support for the creation of industrial buildings, was subsequently assumed by Exprivia following merger by takeover with Abaco Information Services on 15 October 2005, to which Abaco Innovazione S.p.A. had sold the company branch with all its industrial activities.

This financing is assisted by a first charge mortgage guarantee on the property of Exprivia in Viale Adriano Olivetti 11/a, Molfetta, for a maximum of Euro 6,700,000.

At 31 December 2010, the residual debt totalled Euro 1,129,412, of which Euro 282,353 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 847,059 to be reimbursed from 2012-2014 (and included in long-term liabilities).

Deutsche Bank financing

The financing of Euro 1,500,000 was signed on 23 June 2008 with disbursement on 20 August 2008; the first instalment is payable on 23 October 2009 and the last one on 23 June 2013.

The rate of interest applied is Euribor 3 months + 0.90 spread.

At 31 December 2010, the residual debt totalled Euro 1,031,250, of which Euro 375,000 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 656,250 to be reimbursed from 2012-2013 (and included in the long-term liabilities).

The financing in question is not aided by collateral securities.

Deutsche Bank financing

The financing of Euro 500,000 was signed on 03 December 2010 with disbursement on 09 December 2010; the reimbursement will be paid with a single payment by 02 June 2012.

The rate of interest applied is Euribor 3 months + 1.20 spread.

The financing in question is not aided by collateral securities.

MPS Capital Services Banca per le Imprese S.p.A. facilitated credit

Financing allocated for Euro 1,783,332 and originally underwritten by Abaco on 5 August 2003 of which Euro 1,480,166 had been allocated at 31 December 2008. This financing is aimed at giving financial support for the creation of a research and development project pursuant to Measure 2.1.of the Integrated Facilitation Package - PIA Innovazione - set out by P.O.N. ‘Local Entrepreneurial Development’ first announcement. It expires on 5 August 2011 and there is interest payable at a fixed facilitated annual rate of 0.96%. It was taken on by Exprivia following the merger by takeover with Abaco Information Services, as already described previously.

The financing was granted in accordance with provisional concession decree 127,336 of 5 August 2003 of the Ministry for Production, General Division for the co-ordination of incentives for businesses.

The residual debt at 31 December 2010 totals Euro 301,717 and is to be reimbursed by 05/08/2011 (it is recorded in the short-term liabilities).

The financing in question is not aided by collateral securities.

Ministry of Universities and Research facilitated credit

Financing allocated for Euro 1,430,905, underwritten by Exprivia on 12 April 2007, of which Euro 575,698 had been distributed at 31 December 2010. It is the financial support for the creation of a research and development project as per the Financing Law, Ministerial Decree 593 of 8 August 2000 and expires on 1 July 2016. The interest payable is at a fixed facilitated annual rate of 0.50%.

This financing was granted as per the following MIUR concession decrees: 1769/ric. of 1 August 2005, 107/ric. of 26 January 2006 and 2386/ric. of 16 November 2006.

At 31 December 2010, the residual debt totalled Euro 400,545, of which Euro 88,243 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 312,302 to be reimbursed from 2012-2015 (and included in long-term liabilities).

The financing in question is not aided by collateral securities.

Ministry for economic development – Istituto Finanziario Centrobanca POR PUGLIA facilitated credit

Financing allocated for Euro 2,151,000 and disbursed for Euro 1,787,006 on 31.12.10. It is the financial support for the creation of a research and development project as per the law 46/82 F.I.T. art. 14 of the Circular of 11 May 2001 no. 1034240, and expires on 27 December 2019. The interest payable is at a fixed facilitated annual rate of 0.87%.

The financing was granted in accordance with provisional concession decree no. POR 05 of 27.12.2006 of the Ministry for Economic Development.

At 31 December 2010, the residual debt totalled Euro 1,615,190, of which Euro 173,310 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 1,441,880 to be reimbursed from 2012-2019 (and included in long-term liabilities).

The financing in question is not aided by collateral securities.

Antonveneta financing

The financing of Euro 5,000,000 was signed on 04.05.2010 with disbursement on 01.06.2010; the first instalment is payable on 10.02.2011 and the last one on 10.05.2017.

The rate of interest applied is Euribor 3 months + 2.5% spread.

The financing was needed as the initial investment for the job for ASL Asti.

At 31 December 2010, the debt totalled Euro 5,000,000, of which Euro 662,575 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 4,337,425 to be reimbursed from 2012-2017 (and included in the long-term liabilities).

The financing in question is not aided by collateral securities.

BNP Paribas Lease Group

The financing of Euro 548,600 was signed on 24.09.2010 with disbursement on 1 October 2010; repayment is expected in eight quarterly instalments with the first instalment payable on 31.12.2010 and the last one on 30.09.2012.

The nominal rate applied is 1.999%.

At 31 December 2010, the debt totalled Euro 480,025, of which Euro 274,300 is to be repaid in the next twelve months (and thus included in the short-term liabilities) and the residual Euro 205,725 to be reimbursed in 2012 (and included in the long-term liabilities).

The financing in question is not aided by collateral securities.

Ministry of Universities and Research facilitated credit

Financing allocated for Euro 934,900, underwritten by Exprivia Solutions S.p.A. on 10 January 2008 and disbursed for Euro 380,624 at 31 December 2010. It is the financial support for the creation of a research and development project as per the Financing Law, Ministerial Decree 593 of 8 August 2000 and expires on 1 July 2015. The interest payable is at a fixed facilitated annual rate of 0.50%.

This financing was granted as per the following MIUR concession decrees: no. 3244/Ric. of 5 December 2005 and no. 11177/Ric. of 19 September 2007.

At 31 December 2010, the residual debt totalled Euro 312,195, of which Euro 68,772 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 243,423 to be reimbursed from 2012-2016 (and included in long-term liabilities).

The financing in question is not aided by collateral securities.

Cassa di Risparmio di Parma e Piacenza S.p.A. financing

Financing of Euro 380,000 underwritten by Wel.Network on 21 October 2008 for the financial restructuring of the company; it expires on 21 October 2012 and has interest payable at Euribor rate at three months with a spread of 1.375%.

At 31 December 2010, the residual debt totalled Euro 196,606, of which Euro 96,962 is to be reimbursed in the next twelve months (and thus included in the short-term liabilities) and the residual Euro 99,944 to be reimbursed in 2012 (and included in long-term liabilities).

Cassa Rurale di Aldeno e Cadine – Banca di Credito Cooperativo financing

An unsecured loan of Euro 300,000 underwritten by GST on 25 September 2007 for the financial support of the extraordinary investments of the company; it expires on 25 December 2012 and has interest payable at the monthly Euribor rate with a spread of 0.9%.

At 31 December 2010, the residual debt totalled Euro 173,982, of which Euro 61,340 is to be reimbursed in the next twelve months (and thus included in the short-term liabilities) and the residual Euro 112,642 is to be reimbursed in 2012-2013 (and included in long-term liabilities).

Centrobanca S.p.A. facilitated credit

Financing decided for Euro 2,025,228, underwritten by Svimservice on 28 December 2004; its purpose is financial support for the creation of a research and development project as per the Financing Law 46/82 F.I.T, Project A17/0472/P concerning Measure 2.1. Integrated Facilitation Package, PIA Innovazione set out by P.O.N. 'Local Entrepreneurial Development'expires on 5 August 2016 and has interest payable at a fixed facilitated annual rate of 0.96%.

This financing was granted as per concession decree 127358 dated 05/08/2003.

At 31 December 2010, the residual debt totalled Euro 1,118,788, of which Euro 185,671 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 933,117 to be reimbursed from 2012-2016 (and included in long-term liabilities).

The financing in question is not aided by collateral securities.

Cassa Depositi e Prestiti/ Finanziamento Banca Popolare di Bari facilitated credit

Svimservice signed contract no. 10673/5672 on 27/07/2009 for financing for the creation of a Development Programme covered by project no. A 20/1469/P 29921-13 for a sum of Euro 1,535,960.00.

This financing was granted as follows:

a) Facilitated credit no. B 69758/01 for Euro 1,244,100.00 from the Bank for deposits and loans,

b) Bank financing no. B 69758 for Euro 138,236.40 from Banca Popolare di Bari.

A first amount of Euro 1,244,102.76 of the financing was supplied on 14 April 2009 (of which Euro 1,119,690.00 from the facilitated credit and Euro 124,412.76 from the bank financing).

The amortisation plans for the principal are divided thus:

Facilitated credit to be repaid in 10 six-monthly instalments with the first payment of Euro 110,715.11 due on 31/12/2009

Bank financing to be repaid in 5 six-monthly instalments, with the first payment due on 30/06/2012.

Interest is payable every six months, deferred, on the sum distributed from the facilitated credit, at a nominal fixed annual rate of 0.50%.

The sums distributed from the total of the bank financing will generate interests of an initial nominal annual amount of 5.30% to be divided for the purposes of calculating the six-monthly rate, payable every six months deferred.

The residual debt at 31 December 2010, relating to the facilitated credit totalled an overall Euro 786,714, of which Euro 223,374 is to be repaid in the next twelve months (and so written into short-term liabilities) and the residual Euro 563,340 is to be repaid from 2012 to 2014 (and written into the long-term liabilities).

At 31 December 2010, the residual debt totalled Euro 124,413, of which Euro 49,104 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 75,309 to be reimbursed from 2012-2014 (and included in long-term liabilities).

Banca Popolare di Bari loan

The financing contract of Euro 3,000,000 was signed on 04.12.2009 with disbursement on 08.01.2010; the first instalment is payable on 30.06.2011 and the last one on 31.12.14.

The rate of interest applied is Euribor 3 months + 2.5% spread.

The financing was needed as the initial investment for the job for Regione Puglia.

At 31 December 2010, the residual debt totalled Euro 3,000,000, of which Euro 662,368 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 2,337,632 to be reimbursed from 2012-2014 (and included in long-term liabilities).

The financing in question is not aided by collateral securities.

Cajamadrid Financing

Financing for 75,000 Euro underwritten by ProSap SL on 30 April 2010 and has interest payable at a fixed rate of 5.367%.

At 31 December 2010, the residual debt totalled Euro 75,000, of which Euro 21,052 is to be reimbursed in the next twelve months (and thus included in the short-term liabilities) and the residual Euro 53,948 to be reimbursed in 2012 (and included in long-term liabilities).

Cajamadrid Financing

Financing for 150,000 Euro underwritten by ProSap SL on 17.04.09 and has interest payable at a fixed rate of 5.679%.

At 31 December 2010, the residual debt totalled Euro 87,599, of which Euro 61,101 is to be repaid in the next twelve months (and so is included in the short-term liabilities) and the residual Euro 26,498 to be reimbursed in 2012 and 2013 (and included in long-term liabilities).

OTHER FINANCIAL LIABILITIES

The balance of the **“other financial liabilities"** at 31 December 2010 is equal to Euro 2,710,020 compared to Euro 234,559 at 31 December 2010. The table with the details of the entry is found below.

Description	31/12/2010	31/12/2009	Variation
Payables for purchase of investments	1,957,996		1,957,996
Trade payables	650,282		650,282
Due to tax and social security	101,742	234,559	(132,817)
TOTAL	***2,710,020***	***234,559***	***2,475,461***

The item **"debt for the purchase of shares"** refers to the deferred payment of the balance and the earn out relative to the ProSap shares. In accordance with international accounting standard IFRS 3, the cost of shareholdings in Prosap Group was determined based on the payment agreed (Euro 1,088,000 of which Euro 435,200 to be paid in the next financial periods) and the estimate of the additional price components provided for in the acquisition agreement (Euro 1,522,796). The estimate of the additional price components are based on the Management's assessment on Prosap's reasonable degree of attainment of income objectives on which the acknowledgment of contingent consideration depends.

The item **"payables to suppliers"** refers to the medium-long term payment of leasing contracts.

The item **"tax and social security debts"** refers to the payment of the tax and social security debts of previous years, for the share beyond 12 months, for which there are instalment payments.

PROVISION FOR RISKS AND CHARGES

At 31 December 2010, the **"provision for risks and charges"** was Euro 2,183,592 compared to Euro 1,491,372 of 31 December 2009; the table below shows the composition of the entry in detail:

Description	31/12/2010	31/12/2009	Variation
Fund other risks		100,000	(100,000)
Fund to cover losses	87,294	170,929	(83,635)
Fund for stock related risks	542,960	100,000	442,960
Fund for tax litigation risks	777,692	200,000	577,692
Fund for staff related risks	48,276	91,876	(43,600)
Fund for contribution related risks	521,495	599,370	(77,875)
Fund for tax bill related risks	205,875	229,197	(23,322)
TOTAL	***2,183,592***	***1,491,372***	***692,220***

The provision of Euro 87,294 relating to the **"loss coverage fund"** concerns the subsidiary Farm Multimedia Srl in liquidation (Euro 35,648) and Al Faro Srl in liquidation (Euro 51,646).

The provision of Euro 542,960 relative to **"fund for stock-related risks"** refers to possible risks for the final tests of work in progress.

The provision of Euro 777,692 refers to the **"Fund for tax dispute risks",** divided as follows:

- Euro 754,370 for the report on findings issued by the Italian Revenue Police on 18 December 2007, in which improper deductions for amortisation amounts on goodwill, contributions on the financed research projects, extraordinary losses, restructuring charges were disputed.

- Referring to the notice of assessment issued by the Finance Police on 18 December 2007, it contained the irregularities concerning the devaluation amounts on the Infusion and AISoftw@re Technology & Solutions shareholdings, against which the Inland Revenue of Milan 3, on 29 December 2008, produced "Notices of assessment" for the years 2002 and 2003 and, on 25 March 2009, for 2004 concerning identical disputes. Against the notices of assessment the company lodged separate claims with the Provincial Tax Commission of Milan, which had first-degree successful hearings on 8.4.2010 and 4.10.2010. Relative to the 2005 and 2006 financial periods, the Inland Revenue of Bari issued relative "Notices of Assessment" on 30 July 2010, for which the Company lodged separate claims with the Provincial Tax Commission of Bari.
- Euro 23,322, for taxes, sanctions and interest possibly due from the outcome of the tax dispute against the company Wel.Network S.p.A. which on 18 December 2009 was issued a Notice of Assessment by the Piacenza control office of the Revenue Office concerning 2004. The document is directly consequent to the general tax check concerning the 2004 financial period and an inspection of documents for VAT purposes for the 2005 and 2006 financial periods. The inspections were concluded with the dispute report process notification on 7 December 2007, which alleges presumed breaches of the VAT regulations by the company, undeclared capital gains, irrelevant, entertainment costs and software capitalisation. The company arranged for an extensive memorandum, lodged on 25 October 2007, attached to the document by the Revenue Office. The memorandum in question carefully rebutted the declarations made giving appropriate evidence of the operations performed. The appeal is still pending and the company Wel. Network is absolutely confident of proving their extraneousness to any fraudulent conduct before the court. In December 2010, a notice of assessment was served for 2005 relating to only one of the irregularities already covered by the first notice of assessment. The deadline to present the appeal for the latter assessment is still pending and is being prepared by the professionals in charge. Also for 2005, as per the subsequent year, the company is not involved in any fraudulent conduct and is fully convinced that it can prove the legitimacy of their conduct in competent court offices. Based on the opinions of the professionals entrusted to follow the dispute on behalf of the company, the directors considered that making special provisions was unnecessary.

Please also note that, proceedings in compliance with Legislative Decree 231/01 are pending before the Court of Avezzano regarding Exprivia's presumed indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services in liquidation with Italian Tax Police's official tax audit report 383/2006, concerning "Recovery of law 407 facilitation for 2002 – 2005". At the hearing of 23.02.2010 the judge accepted the objection of limitation for all facts prior to September 2004, leaving aside only the charges to Exprivia. Simultaneously, the Preliminary Hearing Judge accepted the plea for nullity of the notice of guarantee lodged by Aisoftw@re Professional due to the lack of i warning pursuant to article 57 of Legislative Decree 231/01 arranging for the return of documents to the public prosecutor as far as its jurisdiction is concerned. From this outcome of the hearing dated 23 February 2010, it should be noted that there was an inexistence of risks, worthy of provision, for Exprivia SpA, given the insignificant value of the sole non-statutory crime equal to 170.00 Euro.

The provision of Euro 48,276 relative to the **"fund for staff-related risks"** refers to allocations made in relation to current disputes with former employees.

The provision of Euro 521,495 relating to the **"fund for contribution-related risks"** refers to allocations for any missing payments of contributions following final tests on research projects.

The provision of Euro 205,875, relating to the **"fund for tax bill-related risks"**, is divided as follows:

- The provision of Euro 190,000, relating to the "fund for risks on tax bills" refers to allocations made for disputed tax bills between the Revenue Office of Bari and Abaco Innovazione and concerns the recognition of a tax credit for the year 2000. The competence of the bill was reflected in Exprivia S.p.A in relation to the obligation deriving from the conferment of the corporate complex from Abaco Innovazione S.p.A. to Abaco Information Services S.r.l., subsequently incorporated in the company AISoftw@re now

Exprivia S.p.A.. The appeal was rebutted at first and second degree; currently it is pending at the Court of Cassation.

- Euro 15,875 for the provision of previous years' waste collection tax for which checks are being conducted with the issuing entity;

With reference to AISoftw@re Professional Services Srl, already in Liquidation and deconsolidated, this results to be Cancelled during 2010 and thus the pending disputes resulting in the note to the interim financial statements dated 30 June 2010 have been abandoned.

STAFF-RELATED FUNDS

SEVERANCE PAY FUND

The Severance Pay Fund, calculated according to IAS 19, totalled Euro 7,743,743 at 31 December 2010 compared to Euro 7,440,413 at 31 December 2009. The fund is net of the quotas deposited with the INPS treasury and the relevant Pension Funds.

It should be noted that the provision for the financial period, equal to Euro 2,805,969, also includes Euro 184,064 relative to the service cost, Euro 319,565 relating to the financial component due to the application of discount rates (interest cost) and Euro 83,989 for actuarial gains/losses.

In accordance with International Accounting Standard IAS 19, actuarial valuations were carried out according to the the accrued benefit method using the criteria of projected unit of credit (Projected Unit Credit Method). This method is used to calculate employee severance indemnities accrued on a particular date within the actuarial, distributing the burden for all residual years for workers in being. It is no longer seen as an expense to be paid if the company ceases its activities at the reporting date, but gradually provisioning the burden of the residual service of the staff.

The method calculates some demographic and financial variables at the valuation date, especially the charges relating to the services already rendered by employees represented by the DBO – Defined Benefit Obligation (also called Past Service Liability). It is obtained by calculating the present value of services due to the worker (severance settlements) arising from their seniority gained at the valuation date. It should be noted that the 11% annual tax that weighs on the revaluation of the severance pay fund during the preparation.

The methodology can be summarised as follows:

- projection, for each employee existing at 31/12/2010, the "employee severance indemnities" until the time estimated accrued retirement;
- determination of probabilised "employee severance indemnities" for each employee existing at 31/12/2010 and for each year until the estimated retirement, to be paid by the company in case of dismissal, requests for advance payment, resignation, disability, retirement and death;
- discounting of each probabilised payment at the valuation date.

DEFERRED TAX LIABILITIES

The **"deferred tax fund"** amounts to Euro 1,332,934 compared to Euro 1,490,874 at 31 December 2009, and refers to the sum set aside following the temporary variations occurring as a result of the application of the IFRS accounting principles, deemed recoverable in future years.

PROFIT (LOSS) ON SHARES

The information on the data used for the calculation of the earnings per share and the dilution is supplied, as requested by IAS 33.

The earnings per share is calculated by dividing the net profit for the period, as shown in the consolidated annual financial statements, drawn up according to the international IAS/IFRS accounting principles, attributable to ordinary shareholders of the parent company for the average number of ordinary shares in circulation during the period.

For the purposes of calculating the basic earnings per share, the economic result for the period less the quota attributable to third parties was used in the numerator. Further, there are no privileged dividends, conversion of privileged shares and other similar effects which could adjust the economic result attributable to holders of ordinary capital instruments.

It should be noted that at 31 December 2010, the basic profit per share was Euro 0.0961 while that per diluted share was Euro 0.0924; the details of the calculation are shown in the following table:

Profits (Euro)	31/12/2010
Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	4.930.299
Profit for determining the earnings per basic share	4.930.299
Number of shares	**31/12/2010**
Number of ordinary shares at 1 January 2008	50.709.458
Balance at 31 dicemrbe 2010 - first trace stock option subscription plan□□	1.174.500
Average weighted number ordinary shares for calculation of basic profit	51.292.215
Earnings per share (Euro)	**31/12/2010**
Profit (loss) per basic share	0,0961
Diluted earnings (loss) per share (*)	0,0924

(*) For the purposes of calculating the profit per diluted share, it should be noted that the dilution effect results from the stock option plan as explained in the Report in the ‘Stock Option Plan’ paragraph.

CURRENT LIABILITIES

CURRENT PAYABLES TO BANKS

At 31 December 2010,**“current payables to banks"** amounted to Euro 24,002,467, compared to Euro 26,497,575 at 31 December 2009. They refer to the current quota of debts for financing and mortgages (as extensively described in the ‘Payables to non-current banks’entry) of Euro 6,158,672 and current account debts with leading credit institutes for Euro 17,844,795.

PAYABLES TO SUPPLIERS

"payables to suppliers" amount to Euro 11,382,040 compared to Euro 14,529,852 at 31 December 2009.

ADVANCES ON CONTRACT WORK IN PROGRESS

ADVANCES

At 31 December 2010, **"advances"** was equal to Euro 5,381,166, compared to Euro 4,298,097 at 31 December 2009 and mainly refers to advances received from clients for work contracts in progress.

OTHER FINANCIAL LIABILITIES

AMOUNTS OWED TO ASSOCIATED COMPANIES

The balance of the entry **"amounts owed to associated companies"** is equal to Euro 18,079 compared to Euro 75,000 at 31 December 2009, and refers to the debt to the associated company Pervoice Srl.

AMOUNTS OWED TO OTHERS

The balance of the entry **"amounts owed to others"** amounts to Euro 7,035,483 compared to Euro 4,104,789 at 31 December 2009; the table with the details of the entry is found below:

Description	31/12/2010	31/12/2009	Variation
Derived products	366,907	440,021	(73,114)
Payables to partners	100,000		100,000
PIA Innovazione advance	1,341,445	1,341,445	0
L. 598/94 advance	0	95,324	(95,324)
CNOS project advance	525,377	525,377	0
POR Puglia advance	1,000,328	378,240	622,088
Payables to factoring	3,526,138	1,324,382	2,201,756
FAR ICT project advance	175,288		175,288
TOTAL	***7,035,483***	***4,104,789***	***2,930,694***

Summarised below are the identifying characteristics of the financial derivatives, valued at Fair value with effect in the profit and loss account, and the Mark to Market value at 31 December 2010.

Banks	Date	Expiry	Operation	Notional amount	Value Mark to market at 31/12/2010	Variation
Unicredit	05/04/2005	05/04/2010	IRS	6,000,000	0	54,755
Unicredit	27/11/2008	30/11/2015	IRS	1,902,500	4,177	434
Banco di Napoli	19/01/2007	23/01/2012	IRS	2,000,000	(110,389)	3,551
B.N.L.	30/11/2008	30/11/2015	IRS	3,841,500	(260,695)	14,374
Total					***(366,907)***	***73,114***

AMOUNTS OWED TO THE TAX ADMINISTRATION

The balance of the entry **"amounts owed to the tax administration"** amounts to Euro 8,801,872 compared to Euro 6,456,388 at 31 December 2009, the following table shows a breakdown of the entry compared with the data from the previous financial period.

Description	31/12/2010	31/12/2009	Variation
Payables to tax authority for VAT	4,200,829	4,256,036	(55,207)
Payables to tax authority for IRAP	373,448	280,236	93,211
Payables to tax authority for IRES	2,480,641	410,000	2,070,641
Payables to tax authority for IRPEF employees	1,110,195	1,121,088	(10,892)
Payables to tax authority for IRPEF freelance workers	51,800	32,956	18,845
Payables Debiti verso Erario per tassazione straordinari	15,107	24,903	(9,796)
Payables to tax authority for IRPEF collaborators	32,031	31,982	49
Payables to tax authority	248,167	67,126	181,041
Payables to tax authority for IRPEF severance fund	74,094	47,354	26,740
Payables to tax authority for Regional and Municipal add	5,438	5,300	138
Payables to tax authority for refuse taxes	1,190	6,037	(4,847)
Payables to tax authority for interest and penalties	208,932	173,372	35,561
TOTAL	***8,801,872***	***6,456,388***	***2,345,484***

OTHER CURRENT LIABILITIES

PAYABLES TO WELFARE AND SOCIAL SECURITY INSTITUTES

The balance of the entry **"payables to welfare and social security institutes"** is equal to Euro 3,337,532; the Table below shows the movements occurring during the period compared with those at 31 December 2009:

Description	31/12/2010	31/12/2009	Variation
INPS with contributions	2,438,699	2,641,208	(202,509)
Payables to pension funds	159,423	158,960	463
PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI	58,157	58,509	(352)
Contributions on accrued holiday pay and year-end bonus	657,975	595,411	62,563
Payables for penalties and interest	-	16,210	(16,210)
INAIL with contributions	23,277	18,656	4,622
TOTAL	***3,337,532***	***3,488,954***	***(151,422)***

OTHER PAYABLES

The balance of **"other payables"** amounted to Euro 10,799,883 compared to Euro 9,432,289 at 31 December 2009. It should be noted that, at 31 December 2010, the "accruals and deferrals" were reclassified under the entry and are therefore considered to be reclassified for the comparative data for 2009.

The table below shows the changes occurring during the period compared with that of 31 December 2009:

Description	31/12/2010	31/12/2009	Variation
Payables to employees/collaborators for expenses	20.518	53.421	(32.903)
Directors' pay for settlement	32.705	15.997	16.708
Employees/Collaborators for fees accrued	4.126.027	2.195.225	1.930.802
Debts to purchase shareholdings	14.273	16.710	(2.437)
Accrued holidays, festivities, summer & yr-end bonuses	2.530.772	2.365.995	164.777
Payables to associations	16.844	16.049	795
Factoring advances	-	359.089	(359.089)
Payables to partners for bids	222.362	148.815	73.547
Sundry payables	273.606	220.746	52.860
Interest and other costs of the exercise	263.502	243.524	19.978
Maintenance / Services / Contributions competence in future years	3.267.733	3.796.717	(528.984)
TOTAL	*10.799.883*	*9.432.289*	*1.367.594*

INFORMATION ON THE PROFIT AND LOSS ACCOUNT

We will explain in detail all the entries of costs and revenues making up the Proft and loss account, which was drawn up according to the international accounting principles (IAS/IFRS) concerning 2010 compared to the same period of the previous financial period.

As already reported in the "Significant Group Data" section of the Management Report, it should be noted that for the purposes of data comparison with the previous financial period, the data for 2010 includes the balances relative to the newly acquired companies Datilog S.r.l. (starting from 01 January 2010) and ProSap S.L. (starting from 01 October 2010).

PRODUCTION REVENUES

REVENUES

The **revenues from sales and services** in 2010 period are equal to 85,278,639 compared to Euro 81,793,288 for 2009. See the paragraph 'The Trend in Exprivia group results' in the Report for the details and relative information on the performance and sales revenue for the business segments (including the variations ordered stock in progress), as per the provisions of IFRS 8.

The details of the revenues from sales and services (Euro 85,278,639) are reported below, inclusive of the variations in stocks of work in progress (Euro – 43,509) and contracts in progress (Euro 11,427,049) regarding the first half of 2010, compared to the data of the first half of 2009 and broken down by type of asset (values in K Euro).

Group Exprivia (value in K €)	31/12/2010	31/12/2009	Variation %
BL Bank, Finance e Insurance	11,646	10,054	16%
BL Industry & Media	13,104	11,599	13%
BL Government, Trasports & Utilities	14,142	14,781	-4%
BL Oil, Gas & Telco	11,867	12,760	-7%
BL Health and Local Bodies	40,778	34,124	19%
Spain and Centre America Area	*3,164*	*1,184*	*167%*
Other	*1,960*	*1,234*	*59%*
Total	**96,662**	**85,737**	**13%**

The details of the revenues concerning 2010, compared with the data for 2009, broken down by area of business are shown below (values in K Euro).

Group Exprivia (value in K €)	31/12/2010	31/12/2009	Variation %
Projects and services	77,953	69,860	12%
Maintenance	5,870	5,472	7%
HW/SW third parties	6,072	5,606	8%
Own licences	4,807	3,564	35%
Other	1,960	1,234	59%
Total	**96,662**	**85,737**	**13%**

OTHER INCOME

OTHER REVENUES AND INCOME

The “**other revenues and income”**, for the 2010 financial period amount to Euro 1,559,632 compared to Euro 1,331,435 for the same period in the previous financial period. The table below shows the details of the entries.

Description	31/12/2010	31/12/2009	Variation
Contingency assets	1,252,636	1,061,872	190,764
Penalty on customers / damages	-	14,645	(14,645)
Rental income with subsidiary company	42,483	57,106	(14,624)
Travel expenses to be charged to clients	8,578	30,045	(21,467)
Other revenue	164,915	96,299	68,617
Pay in lieu of notice	12,750	36,630	(23,880)
Income from assignment of vehicles to staff	46,279	33,170	13,109
Capital gains	31,991	1,667	30,324
TOTAL	*1,559,632*	*1,331,435*	*228,197*

REVENUE GRANTS

The **“revenue grants”** for the 2010 financial period amount to Euro 587,118 compared to Euro 1,274,318 for the 2009 financial period and refer to contributions and tax credit for the period or authorised in the period and related to research and development projects.

VARIATION OF THE STOCK IN HAND

VARIATION OF THE STOCK ON HAND OF PRODUCTS BEING PROCESSED, SEMI-FINISHED AND FINISHED PRODUCTS

The balance of **“variation of the stock on hand of products being processed, semi-finished and finished products”**, for the 2010 financial period period amounted to Euro -43,509 compared to Euro -321,163 for the same period of the previous financial period and refers to variations in finished products relating to the medical sector reporting to the parent company and it subsidiaries GST and Svimservice.

VARIATIONS IN CONTRACT WORK IN PROGRESS

The balance of **“variation in contract work in progress"** for the 2010 financial period amounts to Euro 11,427,049 compared to Euro 4,264,641 for the same period of 2009. The variation is mainly attributable to the progress of the job for the supply of the integrated systems for the management of the data and images in radiology and cardiology of the A.S.L. (Local Health Authorities) of Asti.

INCREASES IN FIXED INVESTMENTS FOR INTERNAL WORK

The balance of **“increases in fixed investments for internal work"** for the 2010 financial period is equal to Euro 1,236,959 compared to Euro 1,776,928 for the 2009 financial period and mainly refers to the costs borne during the period for the development of projects in the banking, health care and manufacturing areas.

PRODUCTION COSTS

RAW AND SUBSIDIARY MATERIALS, CONSUMABLES AND GOODS

The balance of **"raw and subsidiary materials, consumables and goods"** in the 2010 financial period amounted to Euro 8,263,281, compared to Euro 4,967,791 of the same period in the previous financial period. The table below shows the details of the entries.

Description	31/12/2010	31/12/2009	Variation
Purchase of HW-SW products	5,449,319	4,117,004	1,332,315
Purchase of HW-SW maintenance	1,998,445	469,496	1,528,949
Purchase of equipment for plant	52,259	56,931	(4,672)
Stationery and consumables	119,974	76,386	43,588
Fuel and oil	141,270	114,023	27,247
Transport and freight rates on purchases	6,216	6,985	(769)
Purchase of sundries	92,456	16,729	75,727
Warranty services on our customers activities	276,582	110,236	166,346
TOTAL	***8,263,281***	***4,967,791***	***3,168,798***

The increase of the **"purchase of hw-sw products" and "hw-sw maintenance"** are mainly attributable to the purchase of goods and services for the implementation of work contracts in progress.

STAFF COSTS

In 2010, the balance of **"staff costs"** amounts to Euro 54,758,498 compared to Euro 52,030,885 for the 2009 financial period. The table below gives the details of this entry

Description	31/12/2010	31/12/2009	Variation
Salaries and wages	40,546,908	38,913,962	1,632,946
Social charges	10,672,275	10,014,085	658,190
Severance Pay	2,805,969	2,385,606	420,363
Other staff costs	733,346	717,232	16,114
TOTAL	***54,758,498***	***52,030,885***	***2,727,613***

The number of staff in the group as at 31 December 2010 was 1,394, of whom 1,312 were employees and 82 collaborators, compared to 1255 (1181 employees and 74 collaborators) present at 31 December 2009.

OTHER COSTS

OTHER COSTS FOR SERVICES

The consolidated balance of the entry **"other costs for services"** for the 2010 financial period amounted to Euro 17,350,622, compared to Euro 14,850,512 for the 2009 financial period. A table with the details of the entries is shown below:

Description	31/12/2010	31/12/2009	Variation
Technical and commercial consultancy	7,101,879	5,295,773	1,806,106
Administrative/company/legal consultancy	1,048,546	1,102,070	(53,523)
Consultancy to subsidiary companies	15,065	(0)	15,065
Data processing service	1,544,498	1,105,923	438,575
Auditors' fees	234,585	233,064	1,521
Travel and transfer expenses	2,631,882	2,478,113	153,769
Other staff costs	245,873	242,710	3,163
Utilities	968,461	984,535	(16,074)
Advertising and agency expenses	400,395	320,984	79,411
HW and SW maintenance	714,168	488,626	225,542
Insurance	268,843	287,624	(18,781)
Costs of temporary staff	1,275,321	1,267,990	7,331
Other costs	901,106	1,043,101	(141,995)
TOTAL	***17,350,622***	***14,850,512***	***2,500,110***

Below is the statement prepared in accordance with art. 149-*duodecies* of the Consob Issuer Regulation, which shows the fees for the 2010 financial period approved by the external auditors.

It should be noted that the fees presented are gross of the Consob contribution.

Description	Entity providing the services	Target company	Fees for year 2010
Audit	PKF Italia S.p.A.	Exprivia S.p.A. (Capogruppo)	106,000
Other services (1)	PKF Italia S.p.A.	Exprivia S.p.A. (Capogruppo)	102,000
Audit	PKF Italia S.p.A.	Exprivia Projects S.p.A.	14,812
Limited revue	PKF Italia S.p.A.	Exprivia SL	2,500
Audit	PKF Italia S.p.A.	Exprivia Solutions S.p.A.	24,353
Audit	PKF Italia S.p.A.	Gruppo Soluzioni Tecnologiche S.r.l. - GST	11,767
Limited revue	PKF Italia S.p.A.	InFaber S.r.l.	2,500
Audit	PKF Italia S.p.A.	Spegea S. c.a.r.l.	11,403
Audit	PKF Italia S.p.A.	Svimservice S.p.A.	26,081
Audit	PKF Italia S.p.A.	Wel.Network S.p.A.	21,837
TOTAL			***323,252***

(1) Professional services related to "Due Diligence" activities

COSTS FOR LEASED ASSETS

The consolidated balance of **"costs for leased assets"** for the 2010 financial period amounted to Euro 2,290,743 compared to Euro 1,665,855 for the same period of the previous financial period. The details of the entries are shown in the table below:

Description	31/12/2010	31/12/21009	Variation
Rental expenses	881,261	979,795	(98,534)
Car rental/leasing	633,080	516,512	116,568
Rental of other assets	627,273	78,387	548,886
Royalties	133,806	70,232	63,574
Leasing payments	15,324	16,388	(1,064)
Other costs	-	4,542	(4,542)
TOTAL	*2,290,743*	*1,665,855*	*624,888*

SUNDRY MANAGEMENT CHARGES

The consolidated balance of **"sundry management charges"** in the 2010 financial period amounted to Euro 968,489, compared to Euro 1,670,928 for the 2009 financial period. A table with the details of the entries is shown below.

Description	31/12/2010	31/12/2009	Variation
Annual subscriptions	89,443	73,636	15,807
Books and magazines	31,921	33,924	(2,003)
Taxes	127,624	120,423	7,201
Stamp duty	32,106	30,769	1,337
Penalties and fines	32,534	42,877	(10,343)
Charitable donations	53,193	41,168	12,025
Contingency liabilities	321,552	536,282	(214,730)
Bank charges and commissions	212,359	293,675	(81,316)
Write-offs	10,161	358,315	(348,154)
Sundry expenses	57,005	20,969	36,037
Penalties and damages	-	113,047	(113,047)
Capital losses on disposals	590	5,843	(5,253)
TOTAL	*968,489*	*1,670,928*	*(702,439)*

STOCK AND PROVISIONS

The consolidated balance of the entry **"stock and provisions"** for the 2010 financial period amounted to Euro 1,161,810, compared to Euro 360,877 for the 2009 financial period. A table with the details of the entries is shown below:

Description	31/12/2010	31/12/2009	Variation
Provision for tax collection	-	126,646	(126,646)
Provision for inventory devaluation risk / work in progress	542,960	-	542,960
Provision for tax litigation risks	554,370	-	554,370
Provision for risk lawsuits by employees	-	152,506	(152,506)
Provision for risk testing research project	64,480	81,725	(17,245)
TOTAL	***1,161,810***	***360,877***	***800,933***

AMORTISATION AND DEPRECIATION

AMORTISATION

The **"amortisation"** amounts to Euro 2,593,572 compared to Euro 2,559,620 for the 2009 financial period and refers to Euro 1,701,761 relative to the amortisation of intangible assets and Euro 891,811 relative to the amortisation of tangible assets. The details of these entries are shown in the Comment in the Statement of Assets and Liabilities in the entry "Tangible and Intangible Assets".

OTHER DEVALUATION OF FIXED ASSETS

The **"other devaluation of fixed assets"** amounts to Euro 301,345 compared to Euro 520,193 for the 2009 financial period.

CURRENT RECEIVABLES WRITE-DOWN

The balance of **"devaluation"** amounted to Euro 480,103, compared to Euro 323,452 of the 2009 financial period and refers to the depreciation of bad debts.

FINANCIAL PROCEEDS AND CHARGES

INCOME FROM OTHER EQUITY INVESTMENTS

The balance of **"income from other equity investments"** for the 2010 financial period amounts to Euro 951 compared to Euro 972 for the 2009 financial period.

OTHER FINANCIAL INCOME

The balance of the **"other financial income"** for the 2010 financial period amounts to Euro 33,052 compared to Euro 132,166 for the same period of 2009. The details of the entry are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Bank interest receivable	10,139	32,332	(22,193)
Revenues from financial derivatives	-	78,860	(78,860)
Interest income from securities	1,144	1,813	(669)
Other interest income	21,294	18,621	2,673
Rounding up of assets	475	540	(65)
TOTAL	***33,052***	***132,166***	***(99,114)***

INTEREST AND OTHER FINANCIAL CHARGES

The balance of **“interest and other financial charges"** for the 2010 financial period amounts to Euro 1,994,217 compared to Euro 2,216,346 for the same period of the previous financial period. The details of the entries are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Bank interest payable	685,514	747,780	(62,266)
Interest on loans and mortgages	831,448	1,003,717	(172,269)
Sundry interest	229,862	129,197	100,665
Charges on financial products and sundry items	232,686	335,513	(102,827)
Rounding up/down	2,208	139	2,069
Substitute tax on funding	12,500	-	12,500
TOTAL	*1,994,218*	*2,216,346*	*(222,128)*

REVENUE FROM PARENT COMPANIES

The balance of **“revenue from parent companies”** for the 2010 financial period amounts to Euro 13,491 and refers to the interest accrued by the parent company, Abaco Innovazione S.p.A., on a current loan with the subsidiary, Exprivia Solutions S.p.A.

PROFITS ON FOREIGN EXCHANGE

The **“profits on foreign exchange”** for the 2010 financial period is equal to Euro 28,023.

INCOME TAX

The **“income tax"** for the 2010 financial period amounted to Euro 5,029,426 and refers to the tax provisions, of which Euro 2,599,699 for IRES, Euro 2,434,051 for IRAP, Euro 18,445 for deferred taxes, Euro -22,769 for taxes paid in advance.

The following table shows the table relating to the reconciliation between the theoretical IRES burden resulting from the balance sheet and the theoretical tax burden:

Description	Amount	Taxes
Profit before taxes	**9,958,725**	
Set Theory	**27.5%**	**2,738,649**
Chages in net tax	1,097,453	
Taxable	**11,056,178**	
Income tax		**3,040,449**
Use of tax losses	(1,467,955)	(403,688)
Tax losses acquired from tax consolidation	(134,772)	(37,062)
IRES OF THE YEAR		*2,599,699*

It should be noted that the Parent Company, Exprivia S.p.A., acts as a consolidated company and determines a single taxable profit for the companies belonging to the National Tax Consolidation, pursuant to article 117 of the Income Tax Consolidation Act.

Each company belonging to the Tax Consolidation brings Exprivia S.p.A. taxable income or tax loss which is a debt/claim against the consolidating company, equal to the competent IRES.

PROFIT (LOSS) FOR THE PERIOD

The Profit and Loss Account for the 2010 financial period, with a consolidated profit, after tax, is Euro 4,929,299.

INFORMATION ON THE CASH FLOW STATEMENT

The consolidated **net financial position** at 31 December 2010 is equal to – 39.7 million Euro compared to – 39.2 million Euro at 31/12/2009. The variation of 0.5 million Euro is essentially attributable to the following factors:

- Euro 4.6 million from the positive cash flow arising from income management and continuing operations
- Euro 5.1 million from the cash flow used by the investment operations

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-*TER* AND THE CONSOB REGULATION NO. 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

The undersigned Domenico Favuzzi, president and managing director, and Pietro Sgobba, senior manager responsible for drawing up the company accounts of Exprivia S.p.A., certify the following, taking into account the provisions of Art. 154-b, sub-paras. 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the Group characteristics and
- the effective application

of the administrative and accounting procedures for the formation of the consolidated financial statements closing at 31 December 2010.

Furthermore, it is certified that the consolidated financial statements:

a) correspond to accounting records;

b) have been drawn up in conformity with the international accounting principles International Financial Reporting Standards (IFRS) adopted by the European Commission with regulation 1725/2003 and subsequent amendments and, and as far as is known, are suitable for giving a true and correct representation of the equity, economic and financial situation of the business.

c) The Management Report of the group includes a reliable analysis consistent with the financial statements, the trend and the results of the management, and also the situation of the company and the subsidiaries included in the consolidation, together with the description of the main risks and uncertainties.

Molfetta, 02 March 2011

Chairman and Managing Director	*Administrative and Financial Director*
(Mr. Domenico Favuzzi)	**(Mr. Pietro Sgobba)**

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

Besides coordinating the other Group companies, the parent company, Exprivia S.p.A. plays an important industrial role in research and development activities, the implementation of solutions and projects, customer service and, of course, in commercial activities.

This industrial activity is aimed at the same areas of business, and thus markets, covered by the whole Group with which it completely identifies.

Therefore, for the following areas of information, which have been integrally treated on a Group-wide level, please refer to the previous Report on the Management of the Consolidated Financial Statements:

- Corporate bodies
- Exprivia: one step ahead;
- Values and principles;
- The Exprivia business model;
- The trend of the reference market in 2010;
- The markets;
- Investments;
- Events and sponsorships;
- Risks and Uncertainties;
- Significant events;
- Events after 31 December 2010;
- Exprivia in the Stock market;
- Human resources;
- Organisation, management and control model pursuant to legislative decree 231/2001
- The Group's quality certifications;
- Safety Planning Document pursuant to Legislative Decree 196/2003;
- Business outlook

SIGNIFICANT DATA

The table below gives a summary of the results of the financial statements as reflected in the balance sheets for the financial period.

	31.12.2010	31.12.2009
Total production revenues	59,128,728	47,368,353
net proceeds and variation to work in progress to order	56,104,534	43,716,087
increase to assets for internal work	993,374	1,387,218
other proceeds and contributions	2,030,820	2,265,048
Difference between costs and production proceeds (EBITDA)	5,481,005	5,235,134
% on production proceeds	9.27%	11.05%
Net operating result (EBIT)	3,400,295	3,244,394
% on production proceeds	5.75%	6.85%
Net result	5,308,350	4,546,860
Group net equity	60,754,978	55,871,671
Total assets	134,649,978	121,847,294
Capital stock	26,979,658	26,368,918
Net working capital (1)	18,884,856	18,349,498
Cash flow (2)	7,322,682	6,525,356
Fixed capital (3)	79,767,098	77,211,590
Investment	4,411,450	3,324,716
Cash resources/bonds (*a*)	3,645,308	1,126,385
Short-term financial debts (*b*)	(14,292,015)	(18,930,377)
Medium-/long-term financial debts (*c*)	(18,586,352)	(16,347,304)
Net financial position (4)	(29,233,059)	(34,151,296)

(1) - The **"net working capital"** is calculated as the sum of total current assets, less liquidity, less total current liabilities plus current payables to banks
(2) - The **Cash flow** is calculated as the sum of the net result adjusted by the amortisation variations in employee severance indemnities
(3) - The "**fixed capital**" is equal to the total of non-current assets
(4) - **Net financial position** = a - (b + c)

The table below shows the main economic indicators of the Company relative to the 2010 financial period compared with the 2009 financial period.

Exprivia Group	31/12/2010	31/12/2009
Index ROE (Net income / equity capital)	8.74%	8.14%
Index ROI (EBIT / Net Capital Invested)	3.69%	3.62%
Index ROS (EBIT / Revenues)	7.31%	7.85%
Financial charges / Net profit	26.71%	39.46%

The table below shows the main capital and financial indicators of the company at 31 December 2010 and at 31 December 2009.

Exprivia Group	31/12/2010	31/12/2009
Net Financial Debt / Equity Capital	0.48	0.61
Debt ratio (Total Liabilities / Equity Capital)	2.22	2.18

Exprivia closed the 2009 financial period with **production revenues** equal to Euro 59.1 million compared to Euro 47.4 million for the 2009 financial period.

The **EBITDA** amounted to a value of Euro 5.5 million compared to Euro 5.2 for the 2009 financial period.

The **EBIT** amounted to Euro 3.4 million compared to Euro 3.2 million for the 2009 financial period.

Finally, the **net profit** is equal to Euro 5.3 million compared to Euro 4.5 million for the 2009 financial period.

The **net financial position** at 31 December 2010 was -29.2 million Euro compared to – 34.1 million Euro at 31 December 2009, and is formed by 65% of medium-long term debts and subsidised loans. The variation of Euro 4.9 million derives from the positive cash flow of current and financial assets equal to Euro 9.4 million, and from the investments equalling 4.5 million Euro.
.

The **Net Worth** at 31 December 2010 is equal to Euro 60.8 million compared to Euro 55.9 million at 31 December 2009.

OWN SHARES

At 31 December 2010 Exprivia did not hold its own shares.

EXPRIVIA SHARES DIRECTLY HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2010, Dr. Domenico Favuzzi, the President and Managing Director of Exprivia S.p.A. , directly held 267,734 Exprivia shares and indirectly held 7,000 shares through his wife, Valeria Savell. Furthermore, 10,000 Exprivia shares were held by the vice president, Engineer Dante Altomare and 134,998 shares held by the independent advisor, Dr. Giorgio De Porcellinis.

The other members of the Board of Directors as well as their not legally separated spouses or underage children do not directly or indirectly hold Exprivia S.p.A. shares.

INTER-GROUP RELATIONSHIPS

The Group companies constantly collaborate with each other for an optimisation of staff structures and on a technological and application level.

The operations carried out by Exprivia S.p.A. with the companies included and not included in the consolidation are excluded because they are not relevant, they essentially are services and the exchange of software products. They are part of the ordinary management and are regulated by market conditions, or rather at the conditions that would be applied between independent parties. All operations have been carried out in the interest of the companies.

The tables below show the amounts of the commercial relationships (in the first table) and financial relationships (in the second table) entered into with the consolidated companies and not the non-consolidated companies since they are not relevant.

Commercial receivables

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	188,646	571,814	(383,168)
Exprivia Solutions S.p.A.	440,201	652,454	(212,253)
GST S.r.l.	65,495	121,136	(55,641)
Infaber S.r.l.	54,445	(22,853)	77,298
Wel.Network S.p.A.	5,510,108	4,655,950	854,158
Svimservice S.p.A.	437,288	173,900	263,388
Spegea S.c. a.r.l.	93,763	92,151	1,612
Datilog S.r.l.	12,797		
TOTAL	*6,802,743*	*6,244,552*	*545,394*

Financial receivables

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	824,197	346,110	478,087
Exprivia Solutions S.p.A.	353,467	353,467	-
GST S.r.l.	2,318	48,726	(46,408)
Infaber S.r.l.	42,080	61,988	(19,908)
ProSap SI	300,000		300,000
Wel.Network S.p.A.	(80,455)	(184,358)	103,903
Svimservice S.p.A.	33,812	(307,377)	341,189
Spegea S.c. a.r.l.	100,000	100,000	-
TOTAL	*1,575,419*	*418,556*	*1,156,863*

Commercial payables

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	23,882	7,326	16,556
Exprivia Solutions S.p.A.	264,969	422,212	(157,243)
Datilog S.r.l.	14,100		14,100
GST S.r.l.	135,201	443,989	(308,788)
Wel.Network S.p.A.	1,087,121	890,605	196,516
Svimservice S.p.A.	14,441	23,011	(8,570)
Spegea S.c. a.r.l.	52,084	37,835	14,249
TOTAL	*1,591,798*	*1,824,978*	*(233,180)*

Financial payables

Description	31/12/2010	31/12/2009	Variation
Exprivia Solutions S.p.A.	446,416	1,221,470	(775,054)
Svimservice S.p.A.	50,000	50,000	
TOTAL	*496,416*	*1,271,470*	*(775,054)*

Commercial costs

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	123,914	72,725	51,189
Exprivia Solutions S.p.A.	2,708,945	2,587,586	121,359
GST S.r.l.	273,050	379,340	(106,290)
Infaber S.r.l.		32,523	(32,523)
Wel.Network S.p.A.	2,324,308	1,081,489	1,242,819
Svimservice S.p.A.	23,329	23,011	318
Spegea S.c. a.r.l.	66,389	35,087	31,302
Network Services S.r.l.	10,000		10,000
TOTAL	*5,529,935*	*4,211,761*	*1,318,174*

Financial costs

Description	31/12/2010	31/12/2009	Variation
Exprivia Solutions S.p.A.	9,395	13,564	(4,169)
Svimservice S.p.A.	500	1,500	(1,000)
TOTAL	*9,895*	*15,064*	*(5,169)*

Commercial revenues

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	352,767	701,496	(348,729)
Exprivia Solutions S.p.A.	1,561,702	1,253,031	308,671
GST S.r.l.	49,877	112,800	(62,923)
Infaber S.r.l.	181,615	137,543	44,072
Wel.Network S.p.A.	5,234,714	5,008,791	225,923
Svimservice S.p.A.	659,857	340,000	319,857
Spegea S.c. a.r.l.	131,406	170,095	(38,689)
Network Services S.r.l.	9,377		9,377
TOTAL	*8,181,315*	*7,723,756*	*457,559*

Financial revenues/charges

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	14,481	14,896	(415)
Exprivia Solutions S.p.A.	1,108,955	14,890	1,094,065
Wel.Network S.p.A.		324,296	(324,296)
Svimservice S.p.A.	3,955,676	3,705,057	250,619
TOTAL	*5,079,112*	*4,059,139*	*1,019,973*

RELATIONSHIPS WITH AFFILIATES

The operations carried out by Exprivia S.p.A. with the affiliates are essentially related to services and the exchange of software products; these are part of ordinary management and are regulated by market conditions, or rather at the conditions that would be applied between independent parties. All operations have been carried out in the interest of the companies.

The amounts of the commercial and financial relationships in being between the affiliates are shown below.

Commercial receivables

Description	31/12/2010	31/12/2009	Variation
Axception Srl		25,000	(25,000)
TOTAL		***25,000***	***(25,000)***

Commercial revenues

Description	31/12/2010	31/12/2009	Variation
Axception Srl		25,000	(25,000)
TOTAL		***25,000***	***(25,000)***

Commercial payables

Description	31/12/2010	31/12/2009	Variation
Pervoice S.p.A.	18,079		18,079
TOTAL	***18,079***		***18,079***

Commercial costs

Description	31/12/2010	31/12/2009	Variation
Pervoice S.p.A.	15,065		15,065
TOTAL	***15,065***		***15,065***

Exprivia S.p.A.'s Financial Statements

EXPRIVIA – BALANCE SHEET

	31/12/2010	31/12/2009
NON-CURRENT ASSETS		
Property, plant & machinery	**7,586,445**	**7,729,685**
Land and buildings	6,586,465	6,725,794
Assets under construction and payments on account	96,516	96,516
Other assets	903,465	907,376
Goodwill and other undefined assets	**26,215,203**	**26,215,203**
Goodwill	26,215,203	26,215,203
Other intangible assets	**2,840,549**	**3,171,297**
Intangible assets	42,204	38,676
Research and development costs	2,798,345	3,132,621
Shareholdings	**41,756,174**	**38,816,095**
Shareholdings in subsidiaries	40,298,483	37,549,687
Shareholdings in other companies	1,457,691	1,266,409
Other financial assets	**366,800**	**366,800**
Receivables to subsidiaries	353,467	353,467
Other accounts receivable	13,333	13,333
Deferred tax assets	**1,001,927**	**912,510**
Tax advances/deferred taxes	1,001,927	912,510
TOTAL NON-CURRENT ASSETS	**79,767,098**	**77,211,590**

		31/12/2010	31/12/2009
CURRENT ASSETS			
Trade receivables and others		**41,402,857**	**40,571,690**
	Receivables to customers	24,411,969	25,717,699
	Receivables to subsidiaries	7,999,879	6,309,641
	Receivables to associated companies		25,000
	Receivables to parent companies	223,713	216,978
	Other accounts receivable	8,550,422	7,916,463
	Tax credits	216,874	385,909
Stock		**110,062**	**197,904**
	Stock	110,062	197,904
Work in progress to order		**9,724,336**	**2,739,407**
	Work in progress to order	9,724,336	2,739,407
Current financial assets		**318**	**318**
	Other bonds	318	318
Cash resources		**3,645,308**	**1,126,385**
	Current banks	3,643,257	1,122,224
	Cheques and unpresented effects	2,052	4,161
TOTAL CURRENT ASSETS		**54,882,880**	**44,635,704**
TOTAL ASSETS		***134,649,978***	***121,847,294***

		31/12/2010	31/12/2009
NET WORTH			
Capital stock		**26,979,658**	**26,368,918**
	Capital stock	26,979,658	26,368,918
Own shares			**(48,370)**
	Own shares		(48,370)
Premium reserve		**18,081,738**	**17,645,059**
	Share premium	18,081,738	17,645,059
Revaluation reserve		**2,907,138**	**2,907,138**
	Revaluation reserve	2,907,138	2,907,138
Other reserves		**7,478,093**	**4,452,066**
	Legal reserve	621,831	394,488
	Extraordinary Reserve	5,373,534	3,105,075
	Other reserves	1,103,510	573,285
	IAS transaction reserve	101,875	101,875
	IAS reserve available	501,236	501,236
	IAS tax effect	(223,893)	(223,893)
Profit/Loss for the period		**5,308,350**	**4,546,860**
TOTAL NET WORTH		**60,754,978**	**55,871,671**

	31/12/2010	31/12/2009
NON-CURRENT LIABILITIES		
Payables to non-current banks	**18,586,352**	**16,347,304**
Payables to non-current banks	18,586,352	16,347,304
Other financial liabilities	**2,328,160**	**424,578**
Payables to subsidiaries	50,000	50,000
Payables for tax and social security beyond the period	71,972	117,428
	1,957,996	
Payables to suppliers beyond the period	248,192	257,150
Provision for risks and charges	**2,000,047**	**1,073,552**
Other provisions	2,000,047	1,073,552
Staff-related funds	**3,329,384**	**3,265,909**
Severance pay	3,329,384	3,265,909
Deferred tax liabilities	**1,006,325**	**1,081,232**
Deferred tax funds	1,006,325	1,081,232
TOTAL NON-CURRENT LIABILITIES	**27,250,269**	**22,192,574**

		31/12/2010	31/12/2009
CURRENT LIABILITIES			
Payables to current banks		**14,292,015**	**18,930,377**
	Payables to current quota banks	14,292,015	18,930,377
Payables to suppliers		**6,471,783**	**6,388,726**
	Payables to suppliers	6,471,783	6,388,726
Advances on work in progress to order		**3,282,558**	**1,950,000**
	Payments on account	3,282,558	1,950,000
Other financial liabilities		**8,131,105**	**5,826,855**
	Payables to subsidiaries	2,038,213	3,046,448
	Payables to associated companies	18,079	
	Other accounts payable	6,074,813	2,780,407
Tax debits		**5,434,747**	**2,775,151**
	Tax debits	5,434,747	2,775,151
Other current liabilities		**9,032,523**	**7,911,941**
	Payables to welfare and social security institutions	1,949,246	1,831,378
	Other payables	7,083,277	6,080,563
TOTAL CURRENT LIABILITIES		**46,644,731**	**43,783,050**
TOTAL LIABILITIES		***134,649,978***	***121,847,294***

EXPRIVIA – PROFIT AND LOSS ACCOUNT

		31/12/2010	31/12/2009
Revenues		**46,532,988**	**41,343,161**
	Proceeds of sales and services	46,532,988	41,343,161
Other revenues		**2,030,820**	**2,265,048**
	Other proceeds	1,552,121	1,209,983
	Invest. grants tfr to P&L account	478,699	1,055,066
Variation in stock of finished products and products being processed		**10,564,919**	**3,760,144**
	Var. stock of products being processed, semi-finished items	(87,842)	165,329
	Variation in work in progress to order	9,659,388	2,207,597
	Increase in assets for internal work	993,374	1,387,218
TOTAL PRODUCTION REVENUES		**59,128,728**	**47,368,353**
Raw materials and consumables used		**7,355,180**	**3,853,238**
	Costs of raw, subsid. & consumable mat. and goods	7,355,180	3,853,238
Costs connected with employee-related benefits		**29,399,482**	**26,636,498**
	Salaries and wages	21,881,509	20,221,826
	Social charges	5,624,170	5,008,720
	Severance Pay	1,494,865	1,087,596
	Other staff costs	398,939	318,357
Other costs		**16,893,060**	**11,661,689**
	Other costs for services	13,793,216	10,063,638
	Costs for leased assets	1,568,937	885,530
	Sundry management charges	412,057	588,489
	Stock and payments on account	1,118,850	124,032
TOTAL PRODUCTION COSTS		**53,647,723**	**42,151,426**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**5,481,005**	**5,216,928**

		31/12/2010	31/12/2009
Depreciation and devaluation		**2,080,710**	**2,040,747**
	Ordinary amortisement of intangible assets	1,365,876	1,332,928
	Ordinary amortisement of tangible assets	579,483	597,681
	Other devaluation of assets	5,497	50,007
	Devaluation of credits included in working capital	129,854	60,131
OPERATIVE RESULT		**3,400,295**	**3,176,180**
Proceeds and financial charges		**(3,687,525)**	**(2,347,759)**
	Proceeds from shareholdings from subsidiaries	(5,050,625)	(4,029,353)
	Proceeds from shareholdings from others	(28,487)	(29,786)
	Other proceeds with separate indication	(7,096)	(96,431)
	Interest and other financial charges	1,417,722	1,794,073
	Charges from subsidiaries	9,895	15,064
	Profit and loss on foreign exchange	(28,934)	(1,325)
PRE-TAX RESULT		**7,087,820**	**5,523,939**
Income tax		**1,779,470**	**977,079**
	IRES	701,794	(1,509,878)
	IRAP	1,242,000	1,050,000
	Deferred taxes	(74,907)	466,863
	Tax paid in advance	(89,417)	970,095
PROFIT OR LOSS FOR THE PERIOD		**5,308,350**	**4,546,860**

MOVEMENTS IN EXPRIVIA'S NET WORTH

Operations	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other reserve	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth
Balance at 31/12/2008	**26,368,918**	**(312,211)**	**17,645,059**	**2,907,138**	**158,861**	**1,780,367**	**(850,407)**	**4,712,567**	**52,410,293**
Reclassification previous year's profit					235,628	3,626,532	850,407	(4,712,567)	-
Transfer from the nominal value of share premium		123,323				(123,323)			-
Dividend distribution						(2,021,458)			(2,021,458)
Purchase of own shares		(72,682)				(49,139)			(121,821)
Sale of own shares		213,200				272,531			485,731
Stock Option						572,065			572,065
Result at 31/12/2009								4,546,860	4,546,860
Balance at 31/12/2009	**26,368,918**	**(48,370)**	**17,645,059**	**2,907,138**	**394,489**	**4,057,576**	**-**	**4,546,860**	**55,871,671**
Destination previous year's profit					227,342	4,319,518		(4,546,860)	
Distribuzione Dividendi						(2,051,058)			(2,051,058)
Stock Option						474,808			474,808
Capital increase due to the subscription stock options-the first tranche	610,740		436,679						1,047,419
Costs due for stock option exercise						(13,460)			(13,460)
Purchase of own shares		(204,464)				(156,183)			(360,647)
Sale of own shares		252,834				225,060			477,894
Result at 31/12/2010								5,308,350	5,308,350
Balance at 31/12/2010	**26,979,658**		**18,081,738**	**2,907,138**	**621,831**	**6,856,261**	**-**	**5,308,350**	**60,754,977**

EXPRIVIA – CASH FLOW STATEMENT

	31.12.2010	31.12.2009
Operating activities:		
- Profit (loss)	5,308,350	4,546,860
- Amortisation, depletion and depreciation of assets	1,950,856	1,930,609
- Provision for Severance Pay Fund	1,494,865	1,087,596
- Advances/Payments Severance Pay	(1,431,389)	(1,039,709)
- Adjustment of value of financial assets		
Cash flow arising from operating activities	**7,322,682**	**6,525,356**
Increase/Decrease in net working capital:		
- Variation in stock and payments on account	(5,564,528)	980,850
- Variation in receivables to customers	1,305,730	(8,116,891)
- Variation in receivables to parent/subsidiary/associated cos	(1,671,973)	(445,371)
- Variation in other accounts receivable	(464,923)	(1,170,618)
- Variation in payables to suppliers	83,057	1,107,255
- Variation in payables to parent/subsidiary/associated cos	(990,156)	1,903,422
- Variation in tax and social security liabilities	2,777,464	244,189
- Variation in other accounts payable	4,291,623	(184,777)
- Variation in risk funds reserve	2,755,171	575,904
Cash flow arising (used) from current assets and liabilities	**2,521,465**	**(5,106,037)**
Cash flow arising (used) from current activities	**9,844,147**	**1,419,319**
Investment activities:		
- Variation in tangible assets	(436,243)	(821,507)
- Variation in intangible assets	(1,035,129)	(2,709,750)
- Variation in financial assets	(3,029,496)	(705,969)
Cash flow arising (used) from investment activities	**(4,500,867)**	**(4,237,226)**
Financial activities:		
- Variation in other reserves	(425,043)	(1,085,482)
Cash flow arising (used) from financial activities	**(425,043)**	**(1,085,482)**
Increase (decrease) in cash	**4,918,237**	**(3,903,389)**
Banks and cash profits at start of year	1,126,385	3,113,367
Banks and cash losses at start of year	(35,277,681)	(33,361,274)
Banks and cash profits at end of period	3,645,308	1,126,385
Banks and cash losses at end of period	(32,878,368)	(35,277,681)
Increase (decrease) in liquidity	**4,918,237**	**(3,903,389)**

Explanatory notes to the Exprivia S.p.A. financial statements at 31 December 2010

Please see the contents in the Notes to the Exprivia Group's consolidated financial statements for the explanation of the points below found in these Notes to the Exprivia S.p.A.'s financial statements for the financial period:

- references to regulations
- declaration of conformity to IFRS International Accounting Standards
- valuation criteria

INFORMATION ON STATEMENT OF ASSETS AND LIABILITIES

We will try to explain all the entries making up the assets and liabilities in the Statement of Assets and Liabilities in detail, drawn up in accordance with international IAS/IFRS accounting principles.

All the figures shown in the tables below are in Euro.

NON-CURRENT ASSETS

PROPERTY, PLANT AND MACHINERY

The balance of **"property, plants and machinery"** amounts, net of the amortisation, to Euro 7,586,445 compared to Euro 7,729,685 at 31 December 2009.

The movements occurring during the financial period are shown in the following scheme:

Categories	Historical cost 01/01/10	Inc.	Dec.	Historical cost at 31/12/10	Reserve prov. at 01/01/10	Provision for period	Dec.	Cum. prov.	Net value at 31/12/10
Land	247,716	-	-	247,716	-	-	-	-	247,716
Buildings	7,696,195	92,298	-	7,788,493	(1,218,117)	(231,627)	-	(1,449,744)	6,338,749
Others	5,210,531	343,945	-	5,554,476	(4,303,156)	(347,856)		(4,651,012)	903,464
Fixed assets in progress	96,516	-		96,516	-	-	-	-	96,516
TOTAL	***13,250,957***	***436,243***		***13,687,200***	***(5,521,273)***	***(579,483)***		***(6,100,756)***	***7,586,445***

The increase for the period, equal to Euro 436,243, is mainly to be attributed to:

- costs incurred for expansion work carried out at the Molfetta offices - via A. Olivetti 11/A (for Euro 92,298);
- the purchase of electronic office equipment for Euro 274,672, of which Euro 148,440 purchased with financial leasing contracts. It should be noted that, for items of financial leasing, the net accounting value was Euro 504,915 and related to electronic office machinery for Euro 259,628, Software for Euro 42,588, furniture and furnishings for Euro 32,349 and finally company cars for Euro 13,444. It

should also be noted that the minimum future payments within one year, were Euro 168,494, while those for one to five years were Euro 248,192.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE LIFE

GOODWILL

The balance **goodwill** at 31 December 2010 amounts to Euro 26,215,203 is unchanged compared to 31 December 2009.

The table below shows the details of the entries.

Categories	Historical cost 01/01/10	Increases	Adj. for deconsolid. IAS	Total historical cost at 31/12/10	Depreciation fund at 01/01/09	Accum. deprec.	Net value at 31/12/10
COST OF GOODWILL ABACO MERGER	461,166	-	-	461,166	-	-	461,166
GOODWILL DIVESTMENT AIS PS BRANCH	1,767,655	-	-	1,767,655	-	-	1,767,655
GOODWILL DIVESTMENT KTONES BRANCH	517,714	-	-	517,714	-	-	517,714
DIFFERENCE ETA BETA MERGER	3,040,712	-	-	3,040,712	-	-	3,040,712
DIFFERENCE AIS MEDICAL MERGER	3,913,766	-	-	3,913,766	-	-	3,913,766
GOODWILL AURORA BRANCH	1,316,389	-	-	1,316,389	-	-	1,316,389
GOODWILL DIVESTMENT EX. PROJECTS BRANCH	600,000	-	-	600,000		-	600,000
GOODWILL	14,597,803	-	-	14,597,803	-	-	14,597,801
TOTAL	***26,215,205***		**-**	***26,215,205***	**-**	**-**	***26,215,203***

For information regarding values of goodwill, differences of mergers entered into the balance sheet and considerations on the impairment test see the information given in the notes of the consolidated balance sheet.

OTHER INTANGIBLE ASSETS

The balance of **"other intangible assets"** amounts, net of the amortisation, to Euro 2,840,549 compared to Euro 3,171,297 at 31 December 2009.

The movements occurring during the financial period are shown in the following scheme:

Categories	Historic cost 01/01/10	Increases at 31/12/10	Dec. al 31/12/10	Total historic cost at 31/12/10	Deprec. fund at 01/01/10	Deprec. quota for period	Decrementi	Cumulated deprec. 31/12/10	Net value at 31/12/10
Development of advertising	22,416,612	993,373		23,409,985	(19,283,991)	(1,327,649)	-	(20,611,640)	2,798,345
Patents and Intellectual Property Rights	2,359,088	-	-	2,359,088	(2,359,088)	-	-	(2,359,088)	-
Permits, brands	46,063	-	-	46,063	(44,869)	(736)	-	(45,605)	458
Sundries	2,080,839	41,755	-	2,122,594	(2,043,357)	(37,491)	-	(2,080,848)	41,746
TOTAL	***26,902,602***	***1,035,128***		***27,937,730***	***(23,731,305)***	***(1,365,876)***	**-**	***(25,097,181)***	***2,840,549***

The most significant item is related to **development** investments aimed at developing software applications and software factory infrastructures. For further information see the "Investments" paragraph of the "Consolidated Financial Statements Report".

SHAREHOLDINGS

The balance of the **"Shareholdings"** at 31 December 2010 amounted to Euro 41,756,174 compared to Euro 38,816,095 at 31 December 2009.

The composition of the entry is described in the paragraphs below.

SHAREHOLDINGS IN SUBSIDIARIES

The balance of **"shareholdings in subsidiaries"** at 31 December 2010 amounts to Euro 40,298,483 compared to Euro 37,549,687 at 31 December 2009; a table with the details of the entries is found below:

Description	31/12/2010	31/12/2009	Variation
Datilog S.r.l.	138,000		138,000
Infaber Srl	1,241,391	1,241,391	
Exprivia Projects S.p.A.	104,158	104,158	
Exprivia S.L.	1,328,650	1,328,650	
GST S.r.l.	625,525	625,525	
Swimervice S.p.A.	77,200	77,200	
ProSap	2,610,796		2,610,796
Spegea S.c.a r.l.	300,000	300,000	
Wel Network S.p.A.	24,464,884	24,464,884	
Exprivia Solutions S.p.A.	9,407,879	9,407,879	
TOTAL	***40,298,483***	***37,549,687***	***2,748,796***

In accordance with international accounting standard IFRS 3, the cost of shareholdings in Prosap Group was determined based on the payment agreed (Euro 1,088,000) and the estimate of the additional price components provided for in the acquisition agreement (Euro 1,522,796). The estimate of the additional price components are based on the Management's assessment on Prosap's reasonable degree of attainment of income objectives on which the acknowledgment of contingent consideration depends.

The values of the shareholdings were examined during the creation of the Consolidated Financial Statements and thus the values emerging from the consolidated financial statements. If they revealed entries with an indefinite life, they were subject to verification of the value of recovery (impairment test). As shown in the Notes to the Consolidated Financial Statements, this assessment did not detect situations that required adjustment of the values expressed by the same shareholdings.

It should be noted that during the financial period at 31 December 2010, Wel.Network spa registered a loss that refers to the same in the case regulated by article 2446 of the Italian Civil Code. The administrators of the subsidiary proposed that the above-mentioned loss be carried forward since they consider it to be recoverable starting from the 2011 financial period and keeping in mind the budget forecasts and the development initiatives started. Supported further by the impairment tests carried out in line with the explanations of the previous paragraph, the conditions to proceed with the adjustment of the subsidiary's book value are not recognised.

The table below shows the main data relative to the subsidiary's net worth.

Company	H.O.	Company Capital	Result of the period	Net worth	Value of production	Total Assets	% of holding
Datilog S.r.l.	Cinisello Balsamo (MI)	10,400	(51,198)	47,327	699,894	460,526	52.00%
Exprivia Projects S.p.A.	Roma	242,000	(56,940)	198,001	2,839,304	2,909,323	100.00%
Expriva SL	Madrid (Spagna)	8,250	146,347	282,106	1,983,521	777,983	60.00%
Exprivia Solutions S.p.A.	Roma	170,795	883,502	1,663,065	8,223,275	7,207,128	100.00%
GST S.r.l.	Trento	27,500	(147,724)	474,967	2,461,485	2,471,306	64.97%
Infaber S.r.l. (già Aemedia Srl)	Molfetta (BA)	110,000	80,908	316,684	1,256,121	630,275	50.10%
	Madrid (Spagna)	6,384	28,962	605,398	4,551,259	2,512,753	51.12%
Spegea Sc a rl	Bari	125,000	149,384	162,173	2,077,611	3,482,793	60.00%
Svimservice S.p.A.	Bari	1,548,000	4,111,021	6,304,116	23,320,099	24,883,299	100.00%
Wel.Network S.p.A.	Piacenza	1,500,000	(363,989)	913,235	10,827,617	10,255,648	100.00%

SHAREHOLDINGS IN OTHER COMPANIES

The balance of the **"shareholdings in other companies"** at 31 December 2010 amounts to Euro 1,457,691 compared to Euro 1,266,409 at 31 December 2009.

The details are given below:

Description	31/12/2010	31/12/2009	Variation
Advanced Computer Systems	1,420,816	1,235,816	185,000
Cered Software	104	104	
Consorzio Biogene	3,000	3,000	
Consorzio Conca Barese	2,000	2,000	
Consorzio Pugliatech	2,000	2,000	
Consorzio Daisy-Net	13,939	1,459	12,480
Finapi	775	775	
Iqs New Srl	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	
TOTAL	***1,457,691***	***1,266,409***	***191,283***

The Company continues to deem the shareholding in Advanced Computer Systems (ACS) strategic, for which no long-term loss in value is shown. In addition on 23 July 2010, Exprivia took the opportunity to increase its shareholding, as broadly described in the "Significant Events" paragraph of the Management Report.

OTHER FINANCIAL ASSETS

RECEIVABLES TO SUBSIDIARIES

The balance of the **"receivables to subsidiaries"** at 31 December 2010 amounts to Euro 353,467 and does not change compared to 31 December 2009. It refers to medium-long term financing granted to the subsidiary, Exprivia Solutions S.p.A..

OTHER RECEIVABLES

The balance of **"other receivables"** at 31 December 2010 is equal to Euro 13,333 and does not change compared to 31 December 2009.

DEFERRED TAX ASSETS

At 31 December 2010, the balance of **"deferred tax assets"** was Euro 1,001,927 compared to Euro 912,510 at 31 December 2009, and refers to taxes on temporary variations arising from the effect of the application of the international accounting principles IAS/IFRS, deemed recoverable in the next financial periods.

CURRENT ASSETS

COMMERCIAL RECEIVABLES AND OTHERS

RECEIVABLES TO CUSTOMERS

The **"receivables to customers"** passing from Euro 25,717,699 at 31 December 2009 to a total of Euro 24,411,969 at 31 December 2010 and are entered amongst the assets net of Euro 1,558,749 as adjustments for write-off risks.

The balance at the end of the financial period can be analysed as shown in the table below.

Description	31/12/2010	31/12/2009	Variation
To Italian customers	22,509,540	25,483,662	(2,974,122)
To foreign customers	948,144	267,713	680,431
To public bodies	2,513,034	1,442,478	1,070,556
S-total receivables to customers	***25,970,718***	***27,193,853***	***(1,223,135)***
Less: provision for bad debts	(1,558,749)	(1,476,154)	(82,595)
Total receivables to customers	***24,411,969***	***25,717,699***	***(1,305,730)***

Details	31/12/2010	31/12/2009	Variazioni
To third parties	21,195,058	22,621,596	(1,426,538)
Invoices for issue to third parties	4,775,660	4,572,257	203,403
TOTAL	***25,970,718***	***27,193,853***	***(1,223,135)***

The composition of the receivables at the date of expiry are shown below:

Amount of receivables	in expire	in due	days past due 1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	beyond
21,195,057	15,541,578	5,653,480	474,023	1,042,420	566,778	552,259	231,490	453,163	330,616	2,011,728
100.0%	73.3%	26.7%	2.2%	4.9%	2.7%	2.6%	1.1%	2.1%	1.6%	9.5%

RECEIVABLES TO SUBSIDIARIES

The balance of the **"receivables to subsidiaries"** at 31 December 2010 amounts to Euro 7,999,879 compared to Euro 6,309,641 for the previous financial period.

The summary of the entries is shown in the following table:

Description	31/12/2010	31/12/2009	Variation
Exprivia Projects S.p.A.	1,012,843	917,923	94,919
Exprivia Solutions S.p.A.	440,201	652,454	(212,253)
Infaber Srl	96,525	39,135	57,391
GST Srl	67,813	169,862	(102,049)
Svimservice S.p.A.	471,100	(133,477)	604,577
WelNetwork S.p.A.	5,429,653	4,471,594	958,059
Spegea S. c. a.r.l.	168,947	192,150	(23,202)
Prosap	300,000		300,000
Datilog	12,797		12,797
TOTAL	***7,999,879***	***6,309,641***	***1,690,239***

Receivables to subsidiaries are regulated by framework agreements and mainly refer to recharges of corporate and logistic services and the supply of specialistic resources amongst the Group companies.

RECEIVABLES TO PARENT COMPANIES

The balance of **"receivables to parent companies"** at 31 December 2010 amounts to Euro 223,713 compared to Euro 216,978 at 31 December 2009 and essentially refers to receivables coming from the conferment of Abaco Innovazione S.p.A. (the former Abaco Software & Consulting S.p.A.) into Exprivia S.p.A.

OTHER RECEIVABLES

The **"other receivables"** at 31 December 2010 amounts to Euro 8,550,422 compared to Euro 7,916,463 at 31 December 2009.

It should be noted that the "accruals and deferrals" for the 2010 financial period are reclassified under "other receivables" and are therefore considered to be reclassified for the comparative data for 2009.

The relative details with the respective variations are shown below:

Description	31/12/2010	31/12/2009	Variation
Receivables to consortia	929	929	
Receivables CNOS project	1.304.868	1.343.398	(38.530)
Receivables Regione Puglia - Progetto SDI	35.050		
Receivables Fondimpresa		36.296	(36.296)
Receivables to POR Puglia- Pugliatech	1.079.668	1.121.075	(41.407)
Receivabls Progetto Agriplan	821.000	821.000	
Receivables to Lab. 8	698.125	698.125,00	
Recaivables to SlimSafe	451.111	451.111,00	
Receivables to PIA Innovazione	1.747.890	1.747.890	
Receivables L. 488/92 for contrib. decided	684.508	684.508	
Receivables L. 598/94	202.692	317.745	(115.053)
Receivables to s/holders for holdings/spin-offs	19.109	31.589	(12.480)
Advances to suppliers for services	293.727	101.950	191.777
Sundry credits	2.392	6.634	(4.242)
Receivables to employees	7.750	17.896	(10.146)
Guaranteed securities	27.381	34.173	(6.792)
Costs pertaining future years	1.174.222	502.144	672.078
TOTAL	*8.550.422*	*7.916.463*	*598.909*

TAX RECEIVABLES

The **"tax receivables"** at 31 December 2010 are Euro 216,874 compared to Euro 385,909 at 31 December 2009 and are detailed and compared with the same period of the previous financial period as shown below:

Description	31/12/2010	31/12/2009	Variation
Tax authority w/holding taxes on interest income	2,236	31,808	(29,572)
Art. R&S L. 296/06 tax credits		116,345	(116,345)
Tax authority deductions on foreign payments	85,867	3,590	82,277
Credits to tax authority for VAT	19,150	24,453	(5,303)
Credits on substitute severance fund tax	11,304	12,070	(766)
Credits with tax authority	9,967	73,952	(63,985)
Art. 8 tax credits	88,350	123,691	(35,341)
TOTAL	*216,874*	*385,909*	*(169,035)*

STOCK

The balance of the **"stock"** at 31 December 2010 amounts to Euro 110,062 compared to Euro 197,904 at 31 December 2009 and refers to software and hardware products relative to the medical sector purchased by the company and intended for resale.

CONTRACT WORK IN PROGRESS

The balance of **"contract work in progress"** at 31 December 2010 amounts to Euro 9,724,336 compared to Euro 2,739,407 at 31 December 2009 and essentially refers to the value of the work in progress to order valued based on the contractual amounts accrued. The relevant increase compared to the previous financial period is due to the acquisition of two important multi-year contracts in the Health sector.

CURRENT FINANCIAL ASSETS

OTHER SHARES

The balance of the **"other shares"** at 31 December 2010 amounts to Euro 318 and is not changed compared to 31 December 2009 and refers to shares against the company Brainspark Plc..

LIQUIDITY

The balance of the **"liquidity"** at 31 December 2010 amounts to Euro 3,645,308 compared to Euro 1,126,385 at 31 December 2009 and refers to the balance of Euro 3,643,257 with active banks and 2,052 as cash in hand.

NET WORTH

SHARE CAPITAL

The fully paid **"Share capital"** amounts to Euro 26,979,658.16 and is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52 each and increased by Euro 610,740 compared to 31 December 2009 due to the underwriting of the first tranche of the stock option plan as described in the paragraph on "Significant events".

SHARE PREMIUM RESERVE

The **"Share premium reserve"**, at 31 December 2010, totalled Euro 18,081,738, compared to Euro 17,645,059 at 31 December 2009. The increase, equal to Euro 436,679, can be attributed to the underwriting of the first tranche of the stock option plan as already described in the paragraph **"share capital".**

REVALUATION RESERVE

The **"revaluation reserve"** at 31 December 2010 amounts to Euro 2,907,138 and does not change compared to 31 December 2009; the reserve is relative to the change in the fair value of the building owned by Exprivia S.p.A..

OTHER RESERVES

The balance of **“other reserves“** totalled Euro 7,478,093 compared to Euro 4,452,066 at 31 December 2009 and refers to the following:

- Euro 621,831 **“legal reserve”**, increased by Euro 227,343 compared to 31 December 2009 following the allocation of 5% of the result of the Parent Company Exprivia S.p.A. from the previous year, as decided by the Shareholders’ Meeting on 20 April 2010;
- Euro 5,373,534 for the **“extraordinary reserve”** compared to Euro 3,105,075 at 31 December 2009. The variation can be attributed, for Euro 2,264,739 to the allocation of the result of 2009 of the Parent Company Exprivia S.p.A., as decided by the Shareholders’ meeting on 20 April 2010, and for Euro 3,720 relating to the dividend, not distributed, relating to treasury shares held by Exprivia upon detachment of the coupon;
- Euro 1,103,510 **“other reserves”** compared to Euro 573,285 of 31 December 2009. The variation of Euro 530,225 can be attributed to:
- Euro 68,877 relating to the net value of the share premium resulting from purchase and sale operations of own shares
- Euro 474,808 relating to the increase in the "Stock option reserve", set up to signal the amount relating to the exercise of the option rights following the implementation of the stock option plan, which went from Euro 1,115,523 at 31 December 2009 to Euro 1,590,331 at 31 December 2010
- Euro -13,460 relating to the costs incurred for consulting to exercise the stock option plan for the first tranche
- Euro 101,875 **“IAS/IFRS transition reserve”** deriving from the variations made as a consequence of adopting the IFRS, and has not undergone variations compared to 31 December 2009;
- Euro 501,236 **“IAS/IFRS transition available reserve“** refers basically to the revaluation and IAS/IFRS transition reserves, which became available as a result of the accrued depreciation. There has been no variations with respect to 31 December 2009;
- Euro -236,486 **“IAS/IFRS tax effect reserve”** represents the tax effect calculated on the variations made after adopting the IFRS accounting standards and has not undergone variations with respect to 31 December 2009;
- Euro 12,593 **“IAS/IFRS tax effect available reserve”** is the tax effect calculated on the variations made after adopting the IFRS accounting standards and has not undergone variations compared to 31 December 2009.

NON-CURRENT LIABILITIES

NON-CURRENT PAYABLES TO BANKS

The balance of **“non-current payables to banks”** at 31 December 2010 is equal to Euro 18,586,352 compared to Euro 16,347,304 of the last financial period and is relative to Euro 17,739,293 for medium/long term financing and Euro 847,059 for a loan opened for the property owned by the company.

For more information see **“non-current payables to banks” in the “Note to the consolidated financial statements”.**

OTHER FINANCIAL LIABILITIES

AMOUNTS DUE TO SUBSIDIARIES

At 31 December 2010, the balance of **"amounts due to subsidiaries"** was Euro 50,000 and does not change compared to the previous financial period. It refers to the security deposit paid by the subsidiary Svimservice S.p.A. relating to the lease contract for the operative/administrative offices in Molfetta.

TAX AND SOCIAL SECURITY DEBTS PAYABLE BEYOND THE FINANCIAL PERIOD

The balance of **"tax and social security debts payable beyond the financial period"**, equal to Euro 71,972 compared to Euro 117,428 at 31 December 2009, refers to the future amount of the ongoing instalments of the debt to the Social Security institution.

PAYABLES FOR THE PURCHASE OF SHARES

The balance of the **"payables for the purchase of shares"**, equal to Euro 1,957,996 refers to Euro 435,200 for the balance of the acquisition of 51.12% of Prosap to be disbursed in the next financial periods, and Euro 1,522,796 upon earn out that is estimated to correspond to Prosap's selling shareholders in 2012 to achieve the targets set during the acquisition (for more information see the paragraph on Shareholdings in subsidiaries).

PAYABLES TO SUPPLIERS BEYOND THE FINANCIAL PERIOD

The balance of **"payables to suppliers beyond the financial period"**, equal to Euro 248,192 compared to Euro 257,150 at 31 December 2009 refers to the future amount of the debt towards the leasing company. It should be noted that for the comparison of the balance at 31 December 2009, reported amongst the payables to suppliers within the financial period, was reclassified in the above-mentioned entry.

FUNDS FOR RISKS AND CHARGES

OTHER PROVISIONS

The balance of **"other provisions"** at 31 December 2010 amounts to Euro 2,000,047 compared to 1,073,552 at 31 December 2009.

The details of this entry is structured as follows:

- Euro 190,000 for a dispute between the Inland Revenue Agency against Abaco Innovazione concerning the recognition of a tax credit for the year 2000. The competence of the bill was reflected in Exprivia S.p.A in relation to the obligation deriving from the conferment of the corporate complex from Abaco Innovazione S.p.A. to Abaco Information Services S.r.l., subsequently incorporated in the company AISoftw@re now Exprivia S.p.A.. The Regional Tax Commission, to which the company made a claim, rejected the claim; the company applied for the next degree of appeal;
- Euro 505,295 for the provisions of any non-recognition of contributions after the testing of research projects.
- Euro 754,370 for the report on findings issued by the Italian Revenue Police on 18 December 2007, in which improper deductions for amortisation amounts on goodwill, contributions on the financed research projects, extraordinary losses, restructuring charges were disputed.
- Referring to the notice of assessment issued by the Finance Police on 18 December 2007, it contained the irregularities concerning the devaluation amounts on the Infusion and AISoftw@re Technology & Solutions shareholdings, against which the Inland Revenue of Milan 3, on 29 December 2008, produced "Notices of assessment" for the years 2002 and 2003 and, on 25 March 2009, for 2004 concerning identical disputes. Against the notices of assessment the company lodged

separate claims with the Provincial Tax Commission of Milan, which had first-degree successful hearings on 8.4.2010 and 4.10.2010. Relative to the 2005 and 2006 financial periods, the Inland Revenue of Bari issued relative "Notices of Assessment" on 30 July 2010, for which the Company lodged separate claims with the Provincial Tax Commission of Bari.

Based on the opinions of the professionals engaged to follow the dispute on behalf of the company, the directors of Exprivia considered it unnecessary to make special provisions.

- Euro 500,000 for the provision of risks on ongoing contract work.
- Euro 15,875 for the provision of previous years' waste collection tax for which checks are being conducted with the issuing entity;
- Euro 34,507 for the provision of risks connected to ongoing legal proceedings with employees

Please also note that, proceedings in compliance with Legislative Decree 231/01 are pending before the Court of Avezzano regarding Exprivia's presumed indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services in liquidation with Italian Tax Police's official tax audit report 383/2006, concerning "Recovery of law 407 facilitation for 2002 – 2005". At the hearing of 23.02.2010 the judge accepted the objection of limitation for all facts prior to September 2004, leaving aside only the charges to Exprivia. Simultaneously, the Preliminary Hearing Judge accepted the plea for nullity of the notice of guarantee lodged by Aisoftw@re Professional due to the lack of i warning pursuant to article 57 of Legislative Decree 231/01 arranging for the return of documents to the public prosecutor as far as its jurisdiction is concerned. From this outcome of the hearing dated 23 February 2010, it should be noted that there was an inexistence of risks, worthy of provision, for Exprivia SpA, given the insignificant value of the sole non-statutory crime equal to 170.00 Euro.

STAFF-RELATED FUNDS

SEVERANCE PAY FUND

At 31 December 2010, the balance of the "**severance pay fund**" was equal to Euro 3,329,384 compared to Euro 3,265,909 at 31 December 2009.

Description	31/12/2010	31/12/2009	Variation
Begining balance	3,265,909	3,218,023	47,886
Use of the period	(203,755)	(14,084)	(189,671)
Transfer to Treasury fund Social Security and Pension Funds	(1,227,635)	(1,025,626)	(202,009)
Provision for the year	1,494,865	1,087,596	407,269
Total at the end of the period	***3,329,384***	***3,265,909***	***63,475***

The severance pay fund was recalculated according to the financial actuarial method provided for by IAS 19.

It should be noted that the provision for the financial period, equal to Euro 1,494,865, also includes Euro 138,801 relative to the service cost relating to the financial component due to the application of discount rates (interest cost) and Euro 37,286 for actuarial gains/losses.

It should also be noted that information relative to the method used for the actuarial calculation can be found in the **"Note to the Consolidated Financial Statements".**

DEFERRED TAX LIABILITIES

FUNDS FOR DEFERRED TAXES

The **"deferred tax fund"** at 31 December 2010 amounted to Euro 1,006,325 compared to Euro 1,081,232 at 31 December 2009 and represents the allocation of taxes (IRES and IRAP) calculated on the temporary variations for the valuation of the balance sheet items according to the IFRS international accounting principles.

CURRENT LIABILITIES

CURRENT PAYABLES TO BANKS

The balance of "**current payables to banks**" at 31 December 2010 amounts to Euro 14,292,015 and refers to, Euro 4,728,918, the current amount of debts for financing and mortgages (as already described in the entry **"non-current payables to banks**") and, Euro 9,563,097, to bank payables to leading credit institutes for the current management of business.

PAYABLES TO SUPPLIERS

The balance of **"payables to suppliers"** at 31 December 2010 amounted to Euro 6,471,783 compared to Euro 6,388,726 at 31 December 2009.

The composition of the payables for the expiry period net of the invoices to be received is shown below:

Amount Payables	of which		days past due							
	expire	expired	1 - 30	31- 60	61 - 90	91-120	121-180	181-270	271-365	oltre
4,325,529	2,237,277	2,088,251	197,021	285,684	326,776	352,037	218,247	288,925	68,507	351,053
100.0%	51.7%	48.3%	4.6%	6.6%	7.6%	8.1%	5.0%	6.7%	1.6%	8.1%

ADVANCES ON CONTRACT WORK IN PROGRESS

ADVANCES

The balance equal to Euro 3,282,558 compared to Euro 1,950,000 at 31 December 2009, refers to advances received by clients for work orders in progress.

OTHER FINANCIAL LIABILITIES

PAYABLES TO SUBSIDIARY COMPANIES

"payables to subsidiaries" amounts to Euro 2,038,213 compared to Euro 3,046,448 at 31 December 2009 and its composition is shown in the following table.

Description	31/12/2010	31/12/2009	Variation
GST S.r.l.	135,201	443,990	(308,789)
Exprivia Projects S.p.A.	23,882	7,326	16,556
Exprivia Solutions S.p.A.	711,385	1,643,682	(932,297)
Swimservice S.p.A.	14,441	23,011	(8,570)
Wel.Network S.p.A.	1,087,121	890,605	196,516
Spegea S.c. a r.l.	52,084	37,834	14,250
Datilog Srl	14,100		14,100
TOTAL	*2,038,213*	*3,046,448*	*(1,008,235)*

PAYABLES TO AFFILIATES

The balance of the entry **"payables to affiliates"**, equal to Euro 18,079 is to towards the company, Pervoice S.p.A. for the technical consultation relationship.

AMOUNTS OWED TO OTHERS

The balance of the entry **"other payables"** amounts to Euro 6,074,813 compared to Euro 2,780,407 at 31 December 2009. The details of the entry are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Derived products	366,907	440,021	(73,114)
PIA Innovazione advance	1,341,446	1,341,446	
L. 598/94 advance		95,324	(95,324)
CNOS project advance	525,377	525,377	
POR Puglia advance	1,000,328	378,240	622,088
Unicredit Factoring	2,840,755		2,840,755
TOTAL	*6,074,813*	*2,807,408*	*3,267,405*

Summarised below are the identifying characteristics of the financial derivatives, valued at Fair value with effect in the profit and loss account, and the Mark to Market value at 31.12.10.

Bank	Contract day	Expiration Date	Transaction type	Notional value	Mark to market value at 31/12/2010
Unicredit	27/11/2008	30/11/2015	IRS	1,902,500	4,177
Banco di Napoli	19/01/2007	23/01/2012	IRS	2,000,000	(110,389)
B.N.L.	30/11/2008	30/11/2015	IRS	3,841,500	(260,695)
TOTAL					*(366,907)*

AMOUNTS OWED TO THE TAX ADMINISTRATION

The balance of **"amounts owed to the tax administration"** amounts to Euro 5,434,747 compared to Euro 2,775,151 at 31 December 2009. The details of the entries are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Payables to tax authority for VAT	1,770,362	1,587,815	182,547
Payables to tax authority for IRAP	314,686	(19,590)	334,276
Payables to tax authority for IRES	2,480,641	410,000	2,070,641
Payables to tax authority for IRPEF employees	609,883	606,780	3,103
Payables to tax authority for IRPEF freelance workers	14,691	12,164	2,527
Payables Debiti verso Erario per tassazione straordinari	11,796	(20)	11,816
Payables to tax authority for IRPEF collaborators	17,419	14,872	2,547
Payables to tax authority for IRPEF severance fund	22,291	(227)	22,518
Payables to tax authority for Regional and Municipal add	2,516	3,048	(532)
Payables to tax authority for refuse taxes	1,190	6,037	(4,847)
Payables to tax authority for interest and penalties	189,272	154,272	35,000
TOTAL	*5,434,747*	*2,775,151*	*2,659,596*

OTHER CURRENT LIABILITIES

PAYABLES TO WELFARE AND SOCIAL SECURITY INSTITUTES

The balance of **"payables to welfare and social security institutes"** amounts to Euro 1,949,246 compared to Euro 1,831,378 at 31 December 2009 . The table below shows the composition and the movements for 2010 compared to those of the previous financial period.

Description	31/12/2010	31/12/2009	Variation
INPS with contributions	1,315,992	1,238,908	77,084
Payables to pension funds	41,991	49,331	(7,340)
INPS with contributions by instalment	45,456	45,456	
PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI	51,552	51,922	(370)
Contributions on accrued holiday pay and year-end bonus	457,050	399,416	57,634
INPS with contributions for collaborators	26,623	34,059	(7,436)
INAIL with contributions	10,582	12,286	(1,704)
TOTAL	*1,949,246*	*1,831,378*	*117,868*

OTHER PAYABLES

The **"other payables"** amounting to Euro 7,083,277 compared to Euro 6,080,563 at 31 December 2009.

It should be noted that the "accruals and deferrals" for the 2010 financial period are reclassified under "other receivables" and are therefore considered to be reclassified for the comparative data for 2009.

A breakdown of the entries are shown in the table below:

Description	31/12/2010	31/12/2009	Variation
Payables to employees/collaborators for expenses	3.489	2.887	602
Directors' pay for settlement	24.789	6.098	18.691
Employees/Collaborators for fees accrued	2.263.232	1.068.545	1.194.687
Debts to purchase shareholdings	13.273	16.710	(3.437)
Accrued holidays, festivities, summer & yr-end bonuses	1.556.710	1.362.128	194.582
Payables to associations	7.670	6.925	745
Sundry payables	80.434	26.965	53.469
Interests and other costs	230.055	216.364	13.691
Competence contributions in future years	2.903.625	3.373.941	(470.316)
TOTAL	*7.083.277*	*6.080.563*	*1.002.714*

INFORMATION ON THE CASH FLOW STATEMENT

The **net financial position** at 31 December 2010 is equal to –29.2 million Euro compared to –34.1 million Euro at 31 December 2009.

The positive variation of 4.9 million Euro is essentially attributable to:

- the positive cash flow of current and financial assets equal to 9.4 million Euro
- the use for investments equal to 4.5 million Euro.

INFORMATION ON THE PROFIT AND LOSS ACCOUNT

We will try to explain all the entries making up the assets and liabilities in the Profit and loss account in detail, drawn up in accordance with international IAS/IFRS accounting principles.

All the figures shown in the tables below are in Euro.

PRODUCTION REVENUES

REVENUES FROM SALES AND SERVICES

The **"revenues from sales and services"** for the 2010 financial period amounts to Euro 46,532,988 compared to Euro 41,343,161 for the 2009 financial period.

The table below shows the details of the "revenues from sales and services (including the "variations in stock produced during processing" and variations of work in progress), divided by sector of activity.

Description	31/12/2010	31/12/2009	Variation
Hardware and plants	3,736,262	1,565,188	2,171,074
Licences, software and products	1,917,549	2,698,538	(780,989)
Project development	36,190,128	32,975,987	3,214,141
Maintenance	3,635,476	2,978,184	657,292
Services	1,053,574	1,125,265	(71,691)
TOTAL	***46,532,988***	***41,343,161***	***5,189,828***

OTHER INCOME

OTHER REVENUES AND INCOME

The balance of **"other revenues and income"** for the 2010 financial period amounts to Euro 1,552,121 compared to Euro 1,209,983 for the previous financial period. The details of the entries are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Contingency assets	1,020,236	621,410	398,826
Rental income	303,900	250,000	53,900
Other revenue	44,803	34,758	10,045
Pay in lieu of notice	12,750	35,031	(22,281)
Income from assignment of vehicles to staff	40,996	26,517	14,479
Income from staff on secondment	128,436	242,217	(113,781)
Capital gains	1,000	50	950
TOTAL	***1,552,121***	***1,209,983***	***342,138***

REVENUE GRANTS

The balance of **"revenue grants"** for 2010 amounts to Euro 478,699 compared to Euro 1,055,066 for the previous financial period. The details of the entries are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Art. 8 L. 388/2000 contribution	19,229	24,042	-
CNOS project contribution	12,219	15,267	(3,048)
Fondimpresa contribution	10,217	32,076	(21,859)
L. 488/92 contribution	22,945	31,245	(8,300)
PIA Innovazione contribution	24,814	25,981	(1,167)
POR Pugliatech contribution	12,952	14,489	(1,537)
Lab 8 contribution	39,920	157,844	(117,924)
SlimSafe contribution	210,999	38,467	172,532
Agriplan contribution	87,107	140,359	(53,252)
SDI Project contribution	35,050	-	35,050
R&S L. 296/06 contribution	-	571,634	(571,634)
L. 244 art. 1 contribution	3,247	3,662	(415)
TOTAL	***478,699***	***1,055,066***	***(571,554)***

VARIATIONS OF THE STOCK OF FINISHED PRODUCTS AND ON HAND BEING PROCESSED

VARIATIONS OF STOCK ON HAND BEING PROCESSED

The balance of **"variations of stock finished products and on hand of producys being processed"** amounts to Euro - 87,842 and refers to products from the Health and Medical Business Line.

VARIATIONS IN CONTRACT WORK IN PROGRESS

The balance of the **"variations in contract work in progress"** amounts to Euro 9,659,388 and refers to projects being processed and pertaining to the financial period.

INCREASES IN FIXED INVESTMENTS FOR INTERNAL WORK

The balance of the **"increased in fixed investments for internal work"** that is recorded in the capitalisation of multi-year investment projects is equal to Euro 993,374 compared to Euro 1,387,218 for the 2009 financial period and refers to costs incurred during the financial period for the development of projects in the banking sector (Euro 281,137) and in the medical sector (Euro 712,237).

PRODUCTION COSTS

RAW MATERIALS AND CONSUMABLES USED

The costs for **"raw materials and consumables used"** registered for the 2010 financial period was equal to Euro 7,355,180 compared to Euro 3,853,238 for the previous financial period. The details of the entries are shown in the table below.

Description	31/12/2010	31/12/2009	Variation
Purchase of HW-SW products	4,859,034	3,139,112	1,719,922
Purchase of HW-SW maintenance	1,950,350	429,620	1,520,730
Purchase of equipment for plant	52,259	56,931	(4,672)
Stationery and consumables	39,322	30,209	9,113
Fuel and oil	79,603	63,688	15,915
Transport and freight rates on purchases	6,138	6,788	(650)
Purchase of sundries	91,892	16,654.00	75,238
Warranty services on our customers activities	276,582	110,236	166,346
TOTAL	*7,355,180*	*3,853,238*	*3,501,942*

COSTS CONNECTED TO EMPLOYEE BENEFITS

The balance of **"costs connected to employee benefits"** amounts to a total of Euro 29,399,482 compared to Euro 26,636,498 for the 2009 financial period and refers to Euro 21,881,509 for salaries and remuneration, to Euro 5,624,170 for social security contributions, Euro 1,494,865 for severance indemnity and Euro 398,939 for other employee costs.

The number of staff in the group as at 31 December 2010 was 652, of whom 611 were employees and 41 collaborators, compared to 602 (550 employees and 52 collaborators) present at 31 December 2009.

OTHER COSTS

OTHER COSTS FOR SERVICES

The balance of **"other costs for services"** for the 2010 financial period amounts to Euro 13,793,216 against Euro 10,063,638 for the previous financial period and can be analyzed as follows:

Description	31/12/2010	31/12/2009	Variation
Technical and commercial consultancy	4,068,690	2,138,573	1,930,117
Administrative/company/legal consultancy	729,780	632,441	97,339
Consultancy to associated companies	5,407,055	3,942,367	1,464,688
Auditors' fees	118,462	105,742	12,720
Travel and transfer expenses	1,757,245	1,634,877	122,368
Other staff costs	179,218	149,450	29,768
Utilities	591,929	524,326	67,603
Advertising and agency expenses	250,729	188,173	62,556
HW and SW maintenance	76,654	43,924	32,730
Insurance	162,613	155,036	7,577
Other costs	450,841	548,729	(97,888)
TOTAL	*13,793,216*	*10,063,638*	*3,729,578*

In relation to what is requested by Consob resolution No. 11,520 dated 1 July 1998 relative to fees paid to the parent company's Administrators and Auditors for the carrying out of their functions as well as for the other companies included in the consolidated area. See the information found in the "Corporate Governance Report" attached to these financial statements.

COSTS FOR LEASED ASSETS

The balance of **"costs for leased assets"** amounts to Euro 1,568,937 compared Euro 885,530 for the previous financial period and is composed as indicated in the table below:

Description	31/12/2010	31/12/2009	Variation
Rental expenses	539,588	578,607	(39,019)
Car rental/leasing	360,126	263,562	96,564
Rental of other assets	571,305	1,899	569,406
Royalties	95,111	37,852	57,259
Leasing payments	2,807	3,610	(803)
TOTAL	*1,568,937*	*885,530*	*683,407*

SUNDRY MANAGEMENT CHARGES

The **"sundry management charges"** for the 2010 financial period amounts to Euro 412,057 compared to Euro 588,489 for the previous financial period and are composed as indicated in the table below:

Description	31/12/2010	31/12/2009	Variation
Annual subscriptions	48,115	34,340	13,775
Books and magazines	4,855	9,809	(4,954)
Taxes	40,927	39,626	1,301
Stamp duty	19,251	20,810	(1,559)
Penalties and fines	26,465	36,692	(10,227)
Charitable donations	23,180	24,907	(1,727)
Contingency liabilities	147,761	232,344	(84,583)
Bank charges and commissions	96,727	187,167	(90,440)
Sundry expenses	4,776	2,794	1,982
TOTAL	***412,057***	***588,489***	***(176,432)***

STOCK AND PROVISIONS

The **"stock and provisions"** amounts to Euro 1,118,850 compared to Euro 124,032 for the previous financial period and are composed as indicated in the following table:

Description	31/12/2010	31/12/2009	Variation
Provision Losses		50,000	(50,000)
Provision for inventory devaluation risk / work in progress	500,000	-	500,000
Provision for tax litigation risks	554,370	-	554,370
Provision for risk lawsuits by employees	-	8,507	(8,507)
Provision for risk testing research project	64,480	65,525	(1,045)
TOTAL	***1,118,850***	***124,032***	***994,818***

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

The balance of **"amortisation, depreciation and write-downs"** amounts to Euro 2,080,710 compared to Euro 2,040,747 for the previous financial period and includes the amounts belonging to this financial period for the amortisation of intangible and tangible assets and their depreciation. The details of the entry and the comparison with the 2009 financial period are shown in the following table.

Description	31/12/2010	31/12/2009	Variation
Amortisation intangible assets	1.365.876	1.332.928	32.948
Amortisation tangible assets	579.483	597.681	(18.198)
Provision for bad debts	129.854	60.131	69.723
Other assets write-downs	5.497	50.007	(44.510)
TOTAL	*2.080.710*	*2.040.747*	*39.963*

The amortisation of the intangible assets, equal to Euro 1,365,876, are explained in the Intangible Assets paragraph in these explanatory notes.

The amortisation of the tangible assets, equal to Euro 579,483, are explained in the Tangible Assets paragraph in these explanatory notes.

The bad debts, equal to Euro 129,854, is relative to the provision for uncollectible receivables.

FINANCIAL INCOME AND CHARGES

REVENUE FROM SHAREHOLDINGS IN SUBSIDIARIES

The **“revenue from shareholdings in subsidiaries”** amounts to Euro 5,050,625 compared to Euro 4,029,353 of the previous financial period and refers to the distribution of dividends belonging to Exprivia S.p.A. and distributed by the parent companies Svimservice S.p.A.(Euro 3,955,676) and Exprivia Solutions S.p.A.(Euro 1,094,949).

REVENUE FROM SUBSIDIARIES

The **“revenue from subsidiaries”** amount to Euro 28,487 compared to Euro 29,786 for the 2009 financial period and refer to the interest accrued on the "cash pooling" relationship in being with the subsidiaries Exprivia Projects S.p.A. and Exprivia Solutions S.p.A., and interests on the medium-long term financing in being with the subsidiary Exprivia Solutions S.p.A.

OTHER INCOME THAN ABOVE SHOWN SEPARATELY

The **“other income than above shown separately"** amounts to Euro 7,096 compared to Euro 96,431 from the previous financial period. The table below shows the details of the entries.

Description	31/12/2010	31/12/2009	Variation
Bank interest receivable	4,966	13,742	(8,776)
Revenues from financial derivatives		78,860	(78,860)
Other interest income	2,038	3,622	(1,584)
Rounding up of assets	92	207	(115)
TOTAL	*7,096*	*96,431*	*(89,335)*

INTEREST AND OTHER FINANCIAL CHARGES

The **"interest and other financial charges"** amounts to Euro 1,417,722 compared to Euro 1,794,073 from the previous financial period. The table below shows the details of the entries.

Description	31/12/2010	31/12/2009	Variation
Bank interest payable	424,567	494,223	(69,656)
Interest on loans and mortgages	700,287	936,538	(236,251)
Sundry interest	106,532	32,270	74,262
Charges on financial products and sundry items	173,109	331,042	(157,933)
Rounding up/down	727		727
Substitute tax on loans	12,500		12,500
TOTAL	***1,417,722***	***1,794,073***	***(376,351)***

FINANCIAL CHARGES TO SUBSIDIARIES

The **"financial charges to subsidiaries"** amounts to Euro 9,895 compared to Euro 15,064 and mainly refers to the interests relative to the cash pooling relationship with the subsidiary Exprivia Solutions S.p.A..

EARNINGS/LOSSES ON FOREIGN CURRENCY CONVERSION

The balance of "**earnings/losses on foreign currency conversion"** amounts to Euro 28,934 and refers to the differential positive exchange rate in relation to commercial transactions with foreign countries.

INCOME TAX FOR THE FINANCIAL PERIOD

The **"income tax for the financial period"** amounts to Euro 1,779,470 compared to Euro 977,079 for 2009. The table with the details of the entries is found below.

Description	31/12/2010	31/12/2009	Variation
IRES	701,794	(1,509,878)	2,211,672
IRAP	1,242,000	1,050,000	192,000
Deferred taxes	(74,907)	466,863	(541,770)
Taxes paid in advance	(89,417)	970,095	(1,059,512)
TOTAL	***1,779,470***	***977,079***	***802,390***

The increase of IRES is to be attributed to the depletion of the benefit coming from the use of tax losses carried forward.

The following table shows the table relating to the reconciliation between the theoretical IRES burden resulting from the balance sheet and the theoretical tax burden:

Description	Amount	Tax
Profit before taxes	7,133,883	
Set Theory	***27.5%***	***1,961,818***
Changes in net tax	(4,447,133)	(1,222,962)
Set Theory	**2,686,750**	
Income Tax		**738,856**
Use of tax losses consolidating company	(134,772)	(37,062)
IRES OF THE YEAR		***701,794***

PROFIT (LOSS) FOR THE FINANCIAL PERIOD

The Profit and Loss Account closes with a profit, after tax, of Euro 5,308,350 and is reflected in the Statement of Assets and Liabilities.

These financial statements composed of the Statement of Assets and Liabilities, Proft and loss account, Management Report and Explanatory notes represent the true and correct economic and financial situation as well as the financial period's economic results and correspond to the results of the accounting records.

Thank you for your confidence. We invite you to approve the financial statements are presented and to allocate the net income of Euro 5,308,350 to:

- Legal Reserve Euro 2.400.000,00
- Dividends to be distributed Euro 2,075,358.32
- Extraordinary reserve Euro 832,991.68

Molfetta, 02 March 2011

Chairman and Managing Director

(Mr. Domenico Favuzzi)

Administrative and Financial Director

(Mr. Pietro Sgobba)

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-*TER* AND THE CONSOB REGULATION NO. 11971 DATED 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

The undersigned Domenico Favuzzi, managing director, and Pietro Sgobba, Manager responsible for preparing corporate accounting documents for the company, Exprivia S.p.A., certify, taking into account the provisions of Art. 154-b, sub-paras. 3 and 4, of Legislative Decree 58 dated 24 February 1998:

- the adequacy, in relation to the company characteristics and
- the effective application

of the administrative and accounting procedures for the formation of the financial statements closing at 31 December 2010.

Furthermore, it is certified that the financial statements:

a) correspond to accounting records;

b) have been drawn up in conformity with the international accounting principles International Financial Reporting Standards (IFRS) adopted by the European Commission with regulation 1725/2003 and subsequent amendments and, and as far as is known, are suitable for giving a true and correct representation of the equity, economic and financial situation of the business.

c) The Management Report of the group includes a reliable analysis consistent with the financial statements, the trend and the results of the management, and also the situation of the company, together with the description of the main risks and uncertainties.

Molfetta, 02 March 2011

Chairman and Managing Director

(Mr. Domenico Favuzzi)

Administrative and Financial Director

(Mr. Pietro Sgobba)