



**Annual Report
as at 31 December 2011**

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Directors' Report Exprivia Group

LETTER TO SHAREHOLDERS

Dear Shareholders,

Unfortunately the signs of economic recovery that were noted in 2010 did not materialise in the financial year that just ended. The sovereign debt crisis that hit Greece, Portugal and to a lesser degree Italy, as well as the fear of it spreading to stronger economies, caused panic in financial markets and led to a period of uncertainty, which is still in progress. This translates into lower liquidity and a general fall in investments. The impact on Information Technology services, our core market, is that in 2011 there was a 2.6% drop in expenditures compared to 2010 (source: Assinform).

In this troubling scenario our group was able to react and recorded a considerable rise in turnover. The development process provided for in the Industrial Plan was accelerated and additional market share was acquired in Italy and abroad. Speeding up the process generated higher costs for integration activities, and it resulted in lower earnings for the group, which in any case ended the year with a profit as outlined below:

-  Production revenues amounted to Euro 120.6 million (+20.6%)
-  EBITDA amounted to Euro 13.9 million (-9.0%), which corresponds to 13.9% of the value of production
-  EBIT amounted to Euro 10.9 million (-8.4%), which is 9.0% of the value of production
-  We recorded a net profit of Euro 3.2 million (-34.9%)
-  We paid special attention to debt management (-44.3 million compared to -39.7 at year-end 2010) and managed to limit increases to only costs related to new company acquisitions and to minimise the impact of the credit crisis that exploded in 2011.

Also this year the Board of Directors decided to submit a proposal to the General Shareholders' Meeting to distribute a dividend of Euro 0.031 (gross) per share.

Corporate and Financial Management

The growth strategy implemented in 2011 enabled us to differentiate and gear our offer towards activities that create value for our corporate clients and to position the company in all market segments as an IT partner of reference.

In 2011 important innovative projects were started up which enabled us to participate in major national projects under the Smart Cities programme (Bari Digitale) and create an offer for the mobile segment with the product Pay4any, which was given a national award as the "most innovative solution" for mobile payment.

2011 was the first year the group implemented the three-year industrial plan announced at the end of 2010. It was characterised by strategic acquisitions giving impulse to the acceleration of growth by external lines and international expansion.

With the entry of the Realtech group Exprivia strengthened its position in industrial, transport, and services sectors and set up a SAP Hub, which now can count on about 600 professionals and over 200 active customers. Realtech was the last step in a programme through the acquisition of Wel.Network based in Piacenza, Datilog based in Milan and the Spanish company Prosap. The Hub became operational in less than a year, and it enabled Exprivia to become the leading Italian SAP partner. It is in the top three even when considering the multinational corporations operating in Italy. Already in 2011 the same structure made it possible to facilitate further group expansion in international markets by supporting the approximately 100 resources already operational in Spain and Central America.

With the acquisition of Sistemi Parabancari S.r.l. (SiSpa), based in Milan and belonging to Gruppo Banca Popolare dell'Emilia Romagna, the Italian leader in outsourcing IT, legal and administrative services for factoring firms, Exprivia extended its added value services in the Banking and Financial sectors and laid the foundations for expanding into related sectors, such as leasing, in Italy and the rest of Europe.

The last acquisition in 2011 was Exprivia do Brasil Serviços de Informática. The group intends to use the company to strengthen its presence in Latin America, especially in the telecommunications and banking sectors. Indeed, after Prosap, with subsidiaries in Mexico and Guatemala and after incorporating Prosap Peru in 2011, innovative solutions will be offered in Brazil through this company, which will enable us to cover a market with high growth rates.

The new positioning of the offer in our business segments recorded the following revenues in 2011:

| (millions of Euro) | 2011 | 2010 | +/-% |
|--|--------------|-------------|-------------|
| Banks, Financial and Insurance companies | 17.4 | 11.6 | +49% |
| Industry and Media | 18.2 | 13.1 | +39% |
| CPA, Transport and Utilities | 23.2 | 14.1 | +64% |
| Oil, Gas and Telco | 14.3 | 11.9 | +20% |
| Healthcare and Local Entities | 33.0 | 40.8 | -19% |
| Spain and Central America | 8.2 | 3.2 | +160% |
| Other | 1.6 | 2.0 | -19% |
| Total Revenues | 115.8 | 96.7 | +20% |

From a financial standpoint once again we focused our attention on controlling corporate debt and limited its growth while always taking into consideration the limitations caused by the credit crunch in 2011. At year-end we improved the debt/value of production ratio (down from 40% in 2010 to 37% in 2011). At the same time we improved the ratio between net circulating capital and value of production (down from 38% in 2010 to 33% in 2011).

2011 Sector Trends and Forecasts

Revenues in the **Banking, Financial and Insurance** segment rose by 49% in 2011, about 15% of which was for regular growth and the remainder for the acquisition of SIS.Pa srl at the end of July.

In the financial segment there was a higher rise in revenues (+25%) deriving from maintaining the Murex platform (a leading French company for capital market solutions). The entire organisation led to consolidating a proprietary model for a Competence Centre that can be applied regardless of the distribution of people involved. This experience enabled all customers who took advantage of the solution to obtain quicker reaction time, more flexibility and higher quality for support.

There was also a rise in revenues for multichannel solutions, especially for the development of major contracts in internet banking and mobile banking in particular mobile payment, using the Pay4any platform, which enables purchases with just a few steps while connected directly to the most common payment systems, such as credit cards and current accounts.

Concerning amounts receivable the segment recorded an increase of about 10% over 2010. It was characterised by high international development (+30% over 2010), the acquisition of new references and by major contracts in the field of business intelligence, contract management and management of sureties and guarantees.

In 2011 the **Industry and Media** segment recorded revenues amounting to Euro 18 million, a 39% rise over 2010. This result is due to 12% internal growth, which is contrary to the negative trend suffered by the industrial sector IT market throughout 2011, and to the contribution of the newly acquired Realtech SpA.

IT demand in the sector was still characterised by pressure on fees and by the fact that major investment projects that were being postponed in order to use resources for streamlining operating costs while investing little in more innovative projects.

The results were achieved by increasing services to already existing customers and by acquiring new references in the manufacturing, chemical and service industries through a competitive offer in each sector and providing nearshoring services.

Warehouse operations management was one of the application areas that was developed the most during the year. The subsidiary Datilog recorded significant commercial results as an operator specialised in processes and systems for logistics.

Considerable investment was made in offering SaaS and Cloud Computing solutions, also through important partnerships: for instance as a Telecom Italia application partner under the Nuvola Italiana project [*Italian Cloud*] to provide ERP solutions for SMEs.

There was a slight rise in activity to develop real-time systems for the Defence industry as a result of the extensive technical and process skills attained by Exprivia in this sector.

With regard to innovation Exprivia's position in the mobile solutions market, where through its subsidiary Realtech it acquired important references and developed a catalogue of Apps for the business world making it one of the operators of choice in the sector.

Revenues in the **Public Administration, Transport and Utilities** segment rose to Euro 23.2 Million, up by 64% over 2010. This was mainly the result of internal growth in the segment and the contribution of Realtech Italia (about 17%).

The segment recorded important results in terms of strategic positioning in the utilities market, especially in the energy sector due to its know-how in the macro-process of sales in the segment. Moreover, it plays an increasingly important role in setting up technological infrastructures to support energy market liberalisation, which also brings high visibility amongst operators in the market. The acquisition of the project to develop the integrated information system for Acquirente Unico SpA demonstrates the Group's high degree of technological skill and competence in the sector the market now acknowledges.

The considerable rise in revenues is mainly due to the fact that certain contracts awarded last year moved on to the executive phase, which shows that there remains a significant back-log of activities for 2011 and for upcoming years.

Already in 2011 Exprivia was able to exploit the growing trend in progress of major energy players to outsource more and more internal administrative processes thereby turning the customer-supplier relationship into a logic of partnership.

The Public Administration component recorded an increase in revenues although it was rather limited when considering the potential size of this market segment. There was a slow-down in activities for contracts already awarded, which meant that execution of the projects only started up in 2011 thus leading to delays in generating revenues.

Revenues in the **Oil, Gas and Telecommunications** segment rose to Euro 14.3 million, up by 20% over the previous year.

The increase in revenues mainly derives from professional services and projects executed for customers, which is the result of intense efforts to reposition Exprivia's offer to segments with higher added value. The rise also supports efforts to focus on primary customers in the Oil & Gas and Telco market, where Exprivia Group has enjoyed relations for decades with competence in core areas.

In 2011 new strategic partnerships were consolidated in this sector to enable new offer lines related to products for IT security in the Telco sector. Some of these partnerships produced results already in 2011 whereas others will obtain a commercial return over the next three years.

Revenues in the **Healthcare & Local Entities** segment fell to Euro 33 million, down by 19% compared to 2010. This was mainly due to the realignment with the natural level of revenues generated in Medical Imaging. Indeed, in 2010 this business segment benefitted from the RAS/PACS system installed at the Asti ASL [*Local Healthcare Provider*] which, in addition to regular medical imaging, entailed a significant amount of basic hardware and software sales (Euro 2.9 million) as well as licensing. The slower growth in results for 2011 is also due to the fact that certain tenders in Radiology and under the Hospital Information System

(AuroraWeb) were supposed to be published and/or awarded in 2011, but they were instead postponed until 2012.

Revenues generated by the subsidiary Svimservice in the **Region, Territory and Local Entities** segment were in line with forecasts and slightly lower than the same period in 2010. The decrease is basically due to a reduction in revenue from the Edotto contract, which is expected to be delivered in 2012.

Lastly, current revenues from Voice Recognition applications were slightly lower than the corresponding period last year mainly due to delays in certain contracts that were put off until 2012. Furthermore, margins in this sector are improving.

In the **Spain and Central America** area the group's position improved considerably in 2011. It recorded a 160% rise in revenues over 2010. The group's internationalisation efforts took off in 2010 in Spain and focused on Latin America with the acquisition of **Exprivia SI**, a Spanish start-up specialised in Business Intelligence services and solutions for the healthcare sector. It continued with **ProSap SI**, lead company of a multi-national group (Spain, Mexico, Guatemala) of consultancy and systems integration firms on SAP systems, which in 2011 extended its presence by opening up a branch in Lima, Peru. Lastly, in 2011 procedures were concluded to acquire **Exprivia do Brasil Serviços de Informatica**, a company specialised in IT Security with branches in San Paolo and Rio. Thus, in just over a year a network of partners and operational companies was consolidated in Central and South America and also in North America and Europe. Through this network a series of local software factories and highly specialised competence centres will be developed to convey the know-how, technology and experience of Exprivia.

2011 was a positive year for our group. By implementing the three-year strategic plan announced in 2010 it managed to withstand the credit crisis that exploded in the second half of last year. Despite the crisis the group ended the year with a profit for the sixth year in a row. Also this year (the fourth consecutive year) the Board of Directors shall submit a proposal to the general shareholders' meeting to distribute a dividend to shareholders. We are proud of this outcome, which is a tangible means to thank our investors for their trust and support for the group, and we hope we can count on them for years to come.

The Chairman

Domenico Favuzzi

Corporate Bodies

Board of Directors

As at 1 January 2011 the Board of Directors, whose term of office expired when the year-end 2010 financial statements were approved, was composed as follows:

| Member | Office | Executive/Non-Executive |
|--------------------------------|--------------------------------------|-------------------------|
| Domenico Favuzzi | Chairman and Chief Executive Officer | Executive |
| Dante Altomare | Vice Chairman | Executive |
| Giancarlo Di Paola | Vice Chairman | Non-Executive |
| Rosa Daloiso | Non-independent Director | Non-Executive |
| Pierfilippo Vito Maria Roggero | Independent Director | Non-Executive |
| Alessandro Laterza | Independent Director | Non-Executive |
| Giorgio De Porcellinis | Independent Director | Non-Executive |

The ordinary shareholders' meeting for Exprivia S.p.A., which was held on 28 April 2011 and approved the 2010 financial statements, appointed a new Board of Directors composed of 10 members for 2011 – 2013.

On 13 May 2011 the Board acknowledged the renouncement of Carla Chiara Santarsiero, submitted on 11 May, without providing for a replacement.

On 27 September 2011 the Board accepted the resignation of the Independent Director and Lead Independent Director Pierfilippo Maria Roggero, without providing for a replacement.

On 15 December 2011 the Board of Directors appointed Pierfilippo Maria Roggero as non-independent director effective immediately and as Chief Executive Officer as of 2 January 2012.

As at 31 December 2011 the Board of Directors, whose term of office will expire when the year-end 2013 financial statements are approved, is composed as follows:

| Member | Office | Executive/Non-Executive | Place and Date of Birth |
|--------------------------------|--------------------------------------|-------------------------|------------------------------------|
| Domenico Favuzzi | Chairman and Chief Executive Officer | Executive | Molfetta (BA) 18.04.62 |
| Dante Altomare | Vice Chairman | Executive | Molfetta (BA) 18.09.54 |
| Pierfilippo Vito Maria Roggero | Chief Executive Officer (*) | Executive | Milan 22.06.54 |
| Giancarlo Di Paola | Executive Officer | Executive | Bari 22.05.52 |
| Marco Forneris | Executive Officer | Executive | Caluso (TO) 19.02.51 |
| Rosa Daloiso | Non-independent Director | Non-Executive | Margherita di Savoia (FG) 05.04.66 |
| Valeria Savelli | Non-independent Director | Non-Executive | Matera 15.10.62 |

| Member | Office | Executive/Non-Executive | Place and Date of Birth |
|------------------------|---------------------------|-------------------------|-------------------------|
| Alessandro Laterza | Independent Director (**) | Non-Executive | Bari 09.02.58 |
| Giorgio De Porcellinis | Independent Director (**) | Non-Executive | Milan 21.01.48 |

(*) Effective as of 2 January 2012;

(**) Independent Directors under art. 3 of the Corporate Governance Code adopted by Borsa Italiana

For the purpose of their office all directors are domiciled at the registered offices of the company in Molfetta (BA), Viale Adriano Olivetti s.n.c.

The Board of Directors is vested with all the broadest powers necessary for ordinary and extraordinary management of the company without any exception and all options are available to pursue the company purpose. Thus, it can undertake any type of obligation and perform any act without limitation as all operations fall within the scope of their competence with the exception of any matters expressly delegated by law to the general shareholders' meeting. (cf. Corporate Governance).

Board of Statutory Auditors

The Board of Statutory Auditors, whose term of office expired when the year-end 2010 financial statements were approved (i.e. 28 April 2011), was composed as follows:

| Member | Office | Place and Date of Birth |
|------------------------------|--------------------|-------------------------|
| Renato Beltrami | Chairman | Storo (TN) 07.12.42 |
| Gaetano Samarelli | Standing Auditor | Molfetta (BA) 07.12.45 |
| Ignazio Pellecchia | Standing Auditor | Bari 28.06.68 |
| Leonardo Giovanni Ciccolella | Substitute Auditor | Bari 24.06.64 |
| Mauro Ferrante | Substitute Auditor | Bisceglie (BA) 01.11.64 |

The general shareholders' meeting for Exprivia S.p.A., which was held on 28 April 2011 and approved the 2010 financial statements, confirmed the previous Board of Statutory Auditors for 2011–2013, thereby keeping it unchanged.

INDEPENDENT AUDITORS

The Independent Auditors for Exprivia Group is PKF Italia S.p.A.. Their appointment shall end at the end of the 2013 financial year.

Exprivia: one step ahead

THE COMPANY

Exprivia S.p.A. bases its success on its wealth of skills and on experience gained from over 25 years of operations in Information Technology for banking, financial institutions, industry, energy, telecommunications, utilities, healthcare, and public administration.

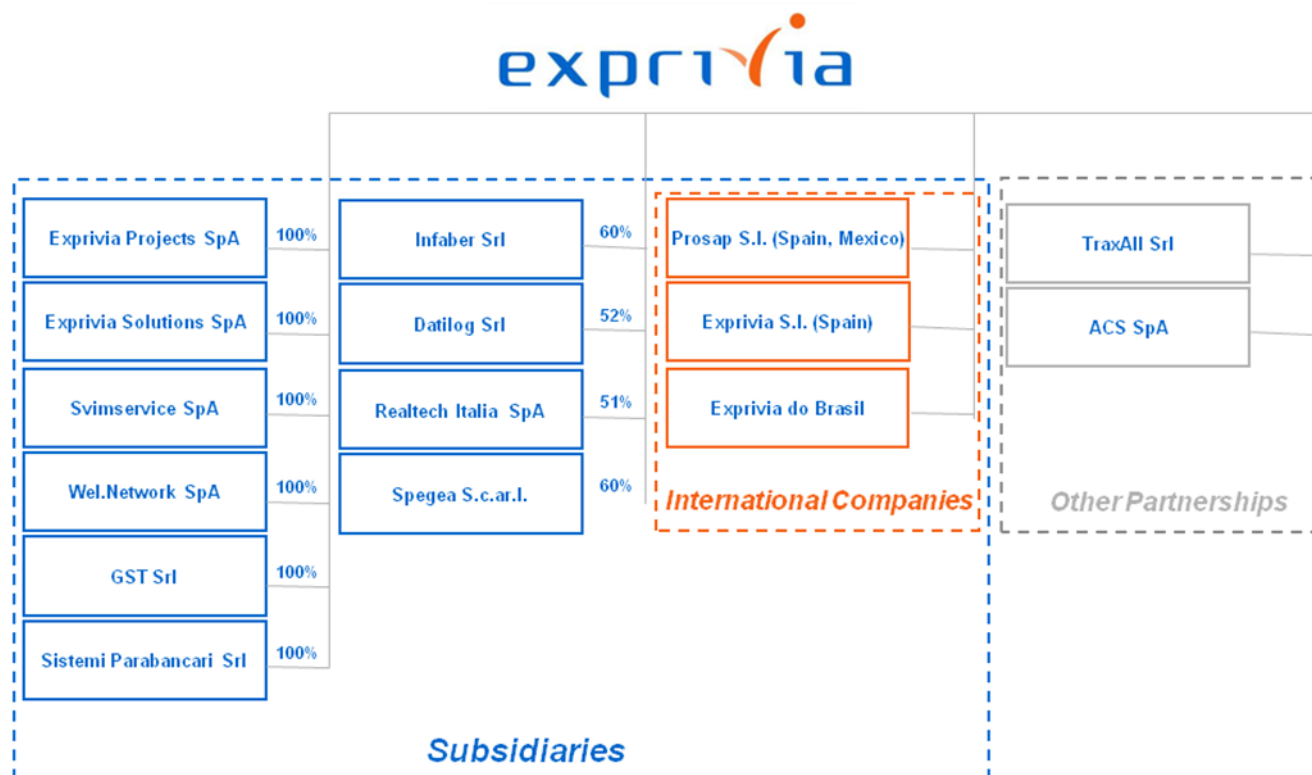
Exprivia has always looked towards the future in a constant search for technologies that anticipate market trends so that customers can be provided with solutions and services that actually improve their business processes.

This strategic vision, together with the group's knowledge of specific needs, vertical offer system, the ability to manage complex projects, and an internationally renowned research and development department, are all distinguishing features of the group.

It has been listed on the Italian stock exchange since 2000 and in the STAR MTA segment since October 2007. Exprivia currently employs a team of over 1,800 people distributed among their head offices in Molfetta (BA), branches in Italy (Milan, Rome, Piacenza, Trento, Bari, Vicenza, Genoa, and Padua) and abroad (Spain, Mexico, Guatemala, Peru, and Brazil).



THE GROUP



SUBSIDIARIES

Exprivia Projects S.p.A. is 100% owned by Exprivia. It is based in Rome and has Euro 242,000.00 share capital (fully paid-up). It is specialised in designing and managing services and infrastructure for Call Centres, Contact Centres and Helpdesk.

Exprivia Solutions S.p.A. is 100% owned by Exprivia, it is based in Rome and has Euro 170,795.00 share capital (fully paid-up). It is the group company dedicated to developing and providing high value-added IT solutions and products to the defence and space markets and to a lesser degree also services and local and central public administration.

Svimservice S.p.A. is 100% owned by Exprivia, it is based in Bari and has Euro 1,548.000.00 share capital (fully paid-up). It is a leading ICT company in the healthcare IT sector with a broad and diverse customer base. It develops and manages healthcare IT systems based on proprietary solutions and web-oriented technologies, in addition to operating in the field of IT systems and software applications for local public administration.

Wel.Network S.p.A. is 100% owned by Exprivia, it is based in Piacenza and has Euro 1,500,000.00 share capital (fully paid-up). It has acquired in-depth experience in a wide variety of IT segments. In recent years it has focused on professional services for SAP applications especially in the field of Industry and Oil & Gas, where a significant amount of business in reselling third-party software licences has been developed as well.

Gruppo Soluzioni Tecnologiche S.r.l - GST is 100% owned by Exprivia, it is based in Trento and has Euro 27,500.00 share capital (fully paid-up). It is focused on developing and designing speech recognition solutions. GST currently produces and sells sophisticated software applications and services using the best speech recognition technologies available on the international market.

Spegea S.C.a r.l., School of Management based in Bari, organises and manages specialised seminars, training courses for companies and public administration in addition to the “Master in Management and Industrial Development” programme certified by ASFOR. It was founded 28 years ago by Confindustria Bari with the support of banks and institutions and is now 60% controlled by Exprivia S.p.A.

Exprivia SI (Spain), incorporated in April 2008 in Madrid, it is a start-up dedicated to the development of IT solutions and systems for the Spanish healthcare market. In July 2008, Exprivia Spa acquired a controlling share (60%) by subscribing to a share capital increase.

Profesionales de Sistemas Aplicaciones y Productos S.L. (ProSap), a Spanish company in operation since 2002, also through its subsidiaries in Mexico, Guatemala and Peru, it provides professional services in the SAP environment and services for systems integration and application management for important medium and large customers. Exprivia Spa controls the company with a 50.12% share.

InFaber Srl is a company specialised in providing Manufacturing Execution System (MES) services and solutions for the Italian and international manufacturing market. Exprivia Spa controls the company with a 60% share.

Realtech Italia S.p.A. is an Italian company specialised in designing and setting up IT solutions on the SAP platform. From 1996 until last year Realtech Italia was the Italian branch of the German multinational Realtech AG, which is listed on the Frankfurt stock exchange. It was then taken over by the company G&K Management S.r.l. through a management buy-out; Exprivia Spa controls the company with a 51.00% share.

Sistemi Parabancari Srl is a leading Italian company in outsourcing IT, legal and administrative services for factoring firms. SiSpa, founded in 1997 by its sole shareholder Meliorbanca S.p.A., operates with about 60 employees and is now the only Italian company able to provide a wide range of business process outsourcing services for the financial services system and not strictly IT in nature. The company is 100% owned by Exprivia SpA.

Datilog Srl is a company specialised in providing WMS (Warehouse Management System) solutions to automate complex warehouses and large-scale distribution centres. Exprivia Spa controls the company with a 52.00% share.

On 27 October 2011 a binding agreement was stipulated for Exprivia SpA to buy 99.85% of the share capital of the company **Visiant do Brasil Serviços de Informatica Ltda**, a Brazilian company specialised in IT Security solutions. The purchase was completed in **February 2012**.

Svimservice S.p.A. holds 100% of the share capital of **Al Faro Srl** (in liquidation), a company that does not conduct any industrial activity. Exprivia Solutions S.p.A. holds 100% of the share capital of **Farm Multimedia Srl** (in liquidation).

STRATEGIC SHAREHOLDINGS

ACS S.p.A., 16.21% held by Exprivia, covers a significant role on an international scale in the sector of software and hardware for the acquisition, management and interpretation of satellite imagery. The company employs about 110 workers and is based in Rome and Matera.

Software Engineering Research & Practices S.r.l., 6% held by Exprivia S.p.A., is spin-off of the University of Bari. Its goal is to implement the results of university research in the field of software engineering and transfer them into business processes.

TraxAll Srl, 30% held by Exprivia S.p.A., is a start-up that uses the SAP application platform to manage travel & entertainment outsourcing for Italian and foreign companies.

CONSORTIA INITIATIVES

Società cons. a r.l. Pugliatech was formed to participate in the fulfilment of the programme agreement required by the 2000-2006 POR Puglia notice.

Società cons. a r.l. Conca Barese was formed to manage the Conca Barese Land Agreement.

Consorzio Biogene was formed to develop the project known as “Public-private laboratory for the development of integrated bioinformatic tools for Genomics, Transcriptomics, and Proteomics (LAB GTP)”.

Società cons. a r.l. “DAISY – NET” was formed to undertake initiatives for the development of an I.C.T. technology centre to be part of a network of regional technology centres.

Distretto Tecnologico Pugliese (“DHITECH”), based in Lecce, intends to develop and integrate an interdisciplinary cluster for nanosciences, bioscience and infoscience according to the guidelines of the seventh framework programme and national research plan.

Distretto Tecnologico Nazionale per l'Energia (“DiTNE”), based in Brindisi, it was formed to provide support for research in production sectors in the field of energy, to encourage technology transfer needed by national and international players in the sector, and to favour connections between the worlds of research, production of goods and services, credit and the territory.

Distretto Agroalimentare Regionale (“D.A.Re.”), a consortium company based in Foggia, it acts as the interface for technology transfer from the Puglia research system to the agribusiness system. It provides services to support technological innovation by managing complex projects relating to industrial research and competitive development.

Values and principles

The Exprivia Group places its people at the centre of their growth strategy and adopts an organisation model geared towards skills development. Exprivia skills and workers enable the group to meet market needs and adapt the technological evolution of ICT services.

Exprivia's human resources make up their most important value and it is considered essential to “take care” of them in order to consolidate and increase the competitive edge.

For that purpose Exprivia provides all its workers with the tools and opportunities to *develop their skills and accept challenges*, as these are the primary factors that influence quality and innovation in products and services.

Exprivia constantly encourages its workers to achieve higher levels of excellence by extending their technical and management skills while enhancing motivation and their sense of belonging and responsibility.

Their high degree of professionalism makes Exprivia stand out and has enabled the company to constantly improve its competitive position on a national scale, redefining processes and services and focusing on a new capacity for innovation and product engineering.

Exprivia focuses on increasing the speed in acquiring and developing know-how so as to continue its growth rate and become the leading player also in the international ICT market.

For that purpose, technical training and professional development play a strategic role as a means to pursue increasingly challenging objectives for successful performance in organisation and technical innovation.




Investments in training and development aim to seize new opportunities arising in the national and international ICT market also by approaching the IT market and innovative technologies with a broader and diversified outlook.

Its inclination towards excellence and innovation is cultivated from the selection process. The main goal is to recruit young professionals with high potential. In this context the company constantly collaborates with major universities and polytechnic institutions well-known to produce new talent.

At Exprivia all processes for organisation development are conducted paying close attention to individual merit, skill and professionalism while ensuring equal opportunity, transparency, commitment and fairness in assessment methods.

At Exprivia relationships and conduct at all levels are based on basic principles such as **honesty, fairness, transparency, discretion, impartiality, diligence, loyalty, and mutual respect**.

The main approach that Exprivia intends to promote in order to achieve its objectives is through:

-  **Customer Orientation**, meaning the ability to listen proactively, analyse the customer's organisation, environment and function in order to interpret and anticipate their needs and be able to satisfy their requirements in a timely and effective manner. This is also translated into the ability to interact effectively with the customer and build a sense of trust and reliability.
-  **Team work and cooperation**, meaning the ability to work as a team and contribute to group development by creating a cordial environment of cooperation, also between colleagues operating in professional and cultural contexts that are geographically far apart from each other. In order to follow through with its acquisition strategy Exprivia sets up an integration plan not only to foster knowledge transfer and sharing but also to exchange values and principles between colleagues working in different cultural and historical contexts and in diverse technological and professional settings.
-  **Focus on results and innovation**, meaning the ability to take the initiative in following standards of excellence in their work, pursue new ideas, solutions, methods or opportunities to improve the quality of processes and products, setting challenging goals for themselves and for others and achieve them consistently.

The Exprivia Business Model

The many years of experience in the market have enabled Exprivia to provide high-quality **competence and solutions** through an array of **services** to markets:

-  **Healthcare and Local Entities**
-  **Banks and Financial Institutions**
-  **Industry and Media**
-  **Oil, Gas and Telco**
-  **CPA, Transport and Utilities**

To achieve these objectives Exprivia has continued to extend and diversify its product range, focusing on proprietary and third-party solutions and on high-level technological skills for the markets.









By ensuring a competitive range in line with the highest quality standards Exprivia guarantees a high degree of technological know-how, excellent specialisation and proven methodology.

Exprivia is now one of the most active groups in the design, development and integration of innovative software solutions. It boasts a wide range of skills acquired in over two decades of operations in its market, also through continuing collaboration with major Italian and international universities.

Skills







In order to adequately meet the needs of a constantly changing market Exprivia acts as a partner specialised in the various market segments and is backed the experience gained in over 25 years of operations.

The group has a team of highly-skilled experts that collaborate with Competence Centres specialised in several different technological sectors:

-  ERP and Extended ERP
-  Business Intelligence
-  Enterprise Application Integration – Service Oriented Architecture
-  Enterprise Content Management and Knowledge Management
-  Visual Collaboration
-  Infrastructure Management Services
-  Business Process Outsourcing
-  Security

Solutions

Extensive technological know-how and experience in specific market segments has made it possible to develop proprietary platforms featuring high reliability, exceptional effectiveness in business process management and continuing adaptation to technological evolution.

-  Regional and local healthcare IT system
-  Hospital IT System
-  Radiology information system and clinical imagery processing
-  Voice Recognition Systems
-  Solutions for managing credit processes and risk assessment
-  Solutions for managing unstructured knowledge bases

Markets

Healthcare and Local Entities

Exprivia's extensive array of applications makes it possible to provide a complete range of solutions to satisfy all healthcare needs, including governance and control at a **regional level** (Regions, Regional Agencies), **local care** provided by local healthcare providers (ASL) and **hospital care** (hospitals, clinics, public and private healthcare facilities).

Regional Governance and Control Solutions

Exprivia has developed a complete IT range for regional healthcare system governance.

Through its complete set of skills in issues related to managing complex healthcare systems Exprivia can computerise all regional healthcare management, whether it is central management of healthcare planning, the system dedicated to primary care or an Internet connection for family practitioners and paediatricians.

A hugely successful experience with this solution is the regional healthcare system (SISR) for Regione Puglia, which has been provided by Exprivia for over 15 years through its subsidiary Svmservice. It provides the service for over 4 million residents.

Solutions for Healthcare Institutions and Hospitals

Exprivia proposes a complete range dedicated to healthcare institutions and hospitals. The Aurora Hospital Information System is able to support the patient's entire clinical and healthcare process and is currently in operation throughout the country including several renowned clinics in Lombardy, Veneto, Tuscany, Emilia Romagna, Liguria, Piedmont and Lazio.

ICT and Medicine, benefits within reach

Exprivia has perfected RIS and PACS diagnostic imaging techniques. It is now one of the most innovative suites of software tools available for diagnostic imaging services. There are now countless public and private healthcare facilities that use Exprivia solutions for complete and integrated computerisation for Radiology, Endoscopy, Gynaecology and Obstetrics, PMA and Cardiology.

The remote consultation systems developed by Exprivia were selected by certain healthcare companies in the North East (Padua, Verona, Trentino Alto Adige) to provide diagnostic support and info-sharing to facilities spread throughout the territory by means of ICT technologies.

Exprivia provided the best solution for voice-enabled medical reporting through its subsidiary GST, which has already set up over 4,000 reporting stations throughout Italy.

The entire portfolio of Exprivia solutions for healthcare is based on international technological standards, namely HL7, IHE, DICOM. This fact, together with web-based interoperability features and development in the J2EE environment, makes these solutions particularly innovative and easy to integrate with the most common information systems used by all types of healthcare facilities.

Banks and Financial Institutions

Exprivia has developed innovative solutions that are a step ahead of the competition and application trends.

Our range covers the primary fields of this sector – credit institutions, financial organisations and multichannel services – also including a complete system of services to support IT operational management.

Finance

Exprivia provides organisations with software and hardware services and solutions dedicated to optimising capital market operations, subject to constant change.




Through the two Murex centres in Milan and Molfetta Exprivia provides services for system design, configuration, integration, upgrades and application management 24/7 on MXG2000 and MX.3 platforms. In addition, as a Murex certified business partner Exprivia is one of the few organisations able to provide support to companies in processes to optimise and migrate new platform releases.

The experience gained as systems integrators and as a software house, together with fifteen years of operations in financial markets, makes us the ideal partner to design and set up custom solutions to support the quickly evolving business.

Furthermore, the multimedia competence centre enables Exprivia to develop solutions for rationalisation of workstations, thereby reducing TCO.

Receivables

Support for the credit lifecycle is made possible by highly in-depth process competence and by the Global Credit Management proprietary suite, which is structured into three main areas:

-  Solutions for operations management for automation, oversight and constant improvement of procedures for screening, disbursement and monitoring
-  Decision-making support systems for automatic credit risk assessment
-  Business intelligence and reporting solutions that gather and sort information generated and/or archived by application solutions in the suite, thereby expanding access capabilities

Global Credit Management is based on modular and flexible architecture, which ensures each solution can be used as a stand-alone application or easily integrated with third-party solutions. The suite's high quality and flexibility have enabled Exprivia to extend its market to beyond national borders and already in 2011 boasted an installation base of 14 banks in 13 countries in Central Eastern Europe.

Multichannel

As support for marketing, sales and customer service Exprivia provides web 2.0 based services, develops solutions to manage unstructured information and offers mobile and cardless payment products.

For the Internet we provide support to develop customer service portals that also enable banks to gain in-depth knowledge of their customer base.

The proprietary platform, DeepKnowledge, enables management and correlation of unstructured information from internal and external sources to implement solutions for intelligence (e.g., fraud detection) or marketing (e.g., brand reputation, competition analysis, etc.).

For mobile and cardless payment Exprivia developed Pay4Any, a mobile solution for Remote/Proximity Payment and Money Transfer. This system enables P2P payments, via the web or other methods, enabling credit card payments and cash withdrawals from ATMs using volatile codes.

Operational Management

Exprivia proposes a wide range of services and solutions able to meet all the operational needs of its clients.

It provides design, management and optimisation services for IT infrastructure and systems through remote or on-site control in nearshoring mode.

The Exprivia portfolio also includes solutions for Asset & Cost Management, Information Security and Event Management (such as secure management of priority users), Videoconferencing, in addition to proprietary solutions designed to optimise service management, such as Let's Care and Helpdesk Tracking.

Industry and Media

Exprivia's approach is diversified and verticalised for the different areas of the industrial sector, with targeted solutions that always consider aspects such as dimensional class, production chains and distribution models. Our range provides innovative, modular, flexible, high quality, reliable and customised solutions which meet every IT need regardless of the business process or enterprise.

Exprivia in the Large Corporation Market

Exprivia develops integration solutions on leading middleware and application platforms. As part of SAP, for ERP, CRM, SCM, Business Intelligence and Analytics projects; in Manufacturing Execution Systems with Simatic it implementations, the Siemens Industry Software MES product and innovative solutions in Service Oriented Architecture.

For companies in the manufacturing and service sectors who have chosen Exprivia as a partner due to our experience in logistics, we have developed and implemented innovative solutions focusing on key operational areas such as warehousing and transportation.

Exprivia's best practices are implementation models that are easy to customise for any company operating in the Automotive, Aerospace, Consumer Products, Engineering and Construction, Food, Manufacturing Discrete, and Process markets.

In the retail and wholesale segment Exprivia provides innovative solutions for any type of process, from back office to points of sale, for any type of reporting and analysis requirement and for any type of activity, BTB or BTC.

In the defence sector, we provide real-time applications, command and control systems, embedded systems, graphical tools, networking and prototyping of complex systems, all developed to high standards of quality for both civil and military purposes.

Exprivia in the SME Market

Exprivia's Business Intelligence solutions are also suitable for smaller companies as they are pre-configured and easy to implement with affordable costs for SMEs, though with advanced financial, commercial and logistics functions.

IT management, service desk, server and desktop virtualisation services are also available to meet infrastructure needs. In the application management field, the large number of factories spread out all over Italy enables Exprivia to propose structured offers while guaranteeing high service levels.

Likewise, foreign branches are reassuring for Italian companies that wish to open up international markets while keeping Exprivia as their only technology partner.

Oil, Gas and Telco

The group operates in these sectors with a dedicated business line also due to the acquisition of Wel.Network in 2009.




In the Oil & Gas market we have consolidated our position over the years through our ability to combine specific skills related to processes for extraction, transportation, storage, refining, and oil and natural gas distribution with the expertise gained in similar sectors (e.g. multi utilities) and knowledge of the industry's technicalities and ICT best practices.

In the Telecommunications sector, in addition to providing ERP, business intelligence and custom software development services, Exprivia supplies solutions for the core processes of mobile and landline network operators with a complete and innovative range of systems integration for both business support and operational support.

This is the foundation of the process that is taking the Group towards international markets to capitalise on all its skills in new and growing contexts.

New Energy in Innovation

Exprivia provides customers with support in the evolution of the Oil and Gas industry, serving as the sole partner for activities such as:

-  Project development for core processes (Work & Asset Management, Engineering & Automation etc...), and non-core processes (AFC, HR, dematerialisation and storage etc...)
-  Systems integration, through architectural logic geared towards services for the integration of processes and operating flows, design and development of integration layers with legacy systems, development of integrated scenarios of enterprise content management and custom scenarios
-  Application management in total or partial outsourcing mode by sending work teams to customer premises. Assistance also includes first and second level helpdesk services and infrastructure support for data networks and systems.

Exprivia is the ideal partner for telecommunications companies for designing and creating customer care and billing systems, tariff model configuration and general CRM systems, for the configuration and management of provisioning, order management, testing and quality control systems. We design and create solutions for efficient management of network infrastructure, remote database management, configuration management, network management and performance analysis. All these solutions are provided both within projects and through system management services.

CPA, Transport and Utilities







The recent modernisation policy of the Central Public Administration (CPA) has generated a great demand for operating tools and models aiming to automate processes and ensure elastic and transparent management. In this scenario Exprivia was able to identify new effective solutions to computerise processes and improve and intensify communication among the various administrations by exploiting our experience in open source and proprietary technologies.

For Utilities, the Group offers a complete range to meet all process optimisation and management needs.

Optimising means Modernising

Recent reforms have encouraged plans to invest in new IT solutions and increasingly effective services to improve and replace the systems currently in use, industrialise processes, enhance, and intensify communication among the various administrations.








For each area concerned by changes we offer solutions and services created with innovative technologies, in complete compliance with the strategic guidelines defined by the competent institutional bodies. Our range is divided into design, creation and management services in the following fields:

-  eGovernment for citizens, companies and employees
-  eProcurement to support purchase processes and monitor supplier performance
-  solutions for the management, storage and sharing of electronic documents
-  solutions for planning and control using business intelligence platforms
-  performance measurement systems in Public Administration processes
-  solutions to support administrative processes concerning self governance and cooperation between administrations based on the SOA paradigm

Transport and Utilities, the future is in process management

The Utilities sector is undergoing profound changes due to the progressive implementation of industry liberalisation, unbundling roles along the supply chain, development of the renewable energy market, growing environmental awareness, micro generation problems, the focus on internal process efficiency, and the quality of services offered.

In this context we have arranged an offer to meet the need to develop and manage the transversal processes that are characteristic of the companies operating in this market:

-  ERP systems supporting company process management
-  Integrated and modular systems to manage characteristic processes: detection and measurement, billing, invoicing, work force management, sales force management, AEEG legislation adjustments, energy market, settlement, etc.
-  Business Intelligence for institutional, managerial and operational reporting, forecasts and what-if analysis, data mining, business and corporate performance management, data quality solutions
-  Design and creation of solutions to support integration between applications and internal services and towards customers and partners on EAI/SOA platforms
-  Business Process Outsourcing (BPO) as part of customer services, customer finance, revenue assurance, document management
-  Realtime & Geo systems – real-time monitoring and control of physical systems (SCADA), integration with geographic information systems and georeferencing of information (GIS)
-  Document & Content Management Systems – electronic archiving, digital signature and electronic stamping, information management, etc.

2011 Market Trends

THE ICT MARKET IN 2011

According to the Assinform report the ICT market fell by 3.6% in 2011 and Information Technology fell by 4.1%, thus confirming a negative trend that has continued since 2009. In addition to the drop in public spending on ICT, which has continued for several years, it was private enterprise, which accounts for over 90% of demand, that significantly reviewed investments in IT innovation and on average cut spending by 4.3%.

The ICT market, which was reclassified as Global Digital Market, amounts to Euro 70 billion (about Euro 11 billion more compared to traditional areas). It mitigates the downward trend at -2.2% in 2011/10 due to the "ICT software and solutions" segment, which rose by 1.2% YoY (+0.9% in 2010/09) with over 5 billion in sales, and digital content and on-line advertising, which amounts to Euro 7 billion and rose by +7.1% (+10.1%).

"ICT services" continued to fall. The segment amounts to Euro 40 billion and in 2011 there was a -3.8% drop (-3.3% 2010/09). The "digital devices and systems" segment amounts to Euro 17 billion and fell by -2.6% (-2.1% 2010/09).

Figures show that demand has shifted towards web-based technologies and content as well as related software, which as a whole rose by +1.7% driven by the +9.9% rise in web management platforms and by the +11.9% rise in Internet of Things, while vertical and horizontal solutions fell by -1.6%. Thus, although overall demand in ICT services fell, there was an 34.6% rise in cloud computing accounting for Euro 175 million.

FORECAST FOR 2012

Assinform forecasts that in 2012 the ICT sector will continue to suffer, although a slight recovery is expected (about -2.2%); -2.3% for IT and -2.1% for TLC. This trend is likely to improve should Italy manage to fully act on the opportunity to implement the digital agenda as an agenda for growth and adopt adequate fiscal policies to develop emerging segments in the economy linked to web usage and digital services and content, which today in Italy are creating new business models, innovative start-ups, and new job opportunities.

Trend of Exprivia Group Results

The trend of **revenues per business area** rose 20% in 2011 with respect to the same period of 2010 and this was mainly due to the sectors of Public Administration, Banking, Finance, and Industry in addition to the turnover from Exprivia's foreign companies Exprivia SI, Prosap and Exprivia do Brasil Serviços de Informatica (under the item "Spain and Central America").

| Group Exprivia (value in K €) | 31/12/2011 | 31/12/2010 | Variazione % |
|--------------------------------------|----------------|---------------|--------------|
| BL Bank, Finance e Insurance | 17,354 | 11,646 | 49% |
| BL Industry & Media | 18,201 | 13,104 | 39% |
| BL Government, Trasports & Utilities | 23,164 | 14,142 | 64% |
| BL Oil, Gas & Telco | 14,294 | 11,867 | 20% |
| BL Health and Local Bodies | 32,954 | 40,778 | -19% |
| Spain and Centre America Area | 8,215 | 3,164 | 160% |
| Other | 1,594 | 1,960 | -19% |
| Total | 115,777 | 96,662 | 20% |

| Group Exprivia (value in K €) | EBITDA | | | | EBITDA/Revenues | | |
|--------------------------------------|---------------|---------------|----------------|--------------|-----------------|--------------|--------------|
| | 31/12/2011 | 31/12/2010 | Variations | % Variations | 31/12/2011 | 31/12/2010 | Variations |
| BL Bank, Finance e Insurance | 3,725 | 2,218 | 1,506 | 68% | 21.5% | 19.0% | 2.4 |
| BL Industry & Media | 1,745 | 1,699 | 46 | 3% | 9.6% | 13.0% | - 3.4 |
| BL Government, Trasports & Utilities | 1,092 | 915 | 178 | 19% | 4.7% | 6.5% | - 1.8 |
| BL Oil, Gas & Telco | 1,505 | 874 | 631 | 72% | 10.5% | 7.4% | 3.2 |
| BL Health and Local Bodies | 5,745 | 9,145 | -3,400 | -37% | 17.4% | 22.4% | - 5.0 |
| Spain and Centre America Area | - 70 | 120 | -190 | -158% | -0.8% | 3.8% | - 4.6 |
| Other | 132 | 281 | -149 | -53% | 8.3% | 14.3% | - 6.1 |
| Total | 13,874 | 15,252 | - 1,378 | -9.0% | 12.0% | 15.8% | - 3.8 |

The details of the revenues concerning 2011, compared with the figures for 2010, broken down by area of business are shown below (in K €).

| Group Exprivia (value in K €) | 31/12/2011 | 31/12/2010 | Variazione % |
|-------------------------------|----------------|---------------|--------------|
| Projects and services | 99,146 | 77,953 | 27% |
| Maintenance | 9,704 | 5,870 | 65% |
| HW/SW third parties | 2,949 | 6,072 | -51% |
| Own licences | 2,384 | 4,807 | -50% |
| Other | 1,594 | 1,960 | -19% |
| Total | 115,777 | 96,662 | 20% |

BANKING, FINANCE AND INSURANCE

In 2011, revenues for the Business Line of **Banks and Finance** rose by 49% over 2010 for a total of Euro 17.4 million. This sharp rise is due to 15% internal growth, which confirms the same growth rate reported at the end of 2010. The remaining Euro 3.8 million is from the contribution provided by SIS.Pa S.r.l., market leader in Business Process Outsourcing services for factoring firms.

Despite the fact that the market is still suffering from the international and domestic economic crisis the segment continued growth for the second year in a row as a result of its specialised product range.

Concerning IT services for financial institutions there was a higher rise (+25%) due to services related to the Murex 2 release, which also resulted in significant partnerships with major Italian and international banking groups for upgrading to release 3.

Revenues rose in the multichannel segment as well, especially for the development of major contracts for internet banking and mobile banking, and especially mobile payment using the Pay4any platform. This proprietary solution was presented at the Abilab 2011 forum in March 2011 and was awarded as the "most innovative solution". Several operators in the sector expressed keen interest in the solution thereby enabling significant collaboration in Direct Virtual Acquiring, i.e. payment methods via mobile devices in just a few steps (credit cards and/or current accounts).

Concerning IT services for the Credit segment there was an increase of about 10% over 2010. It was characterised by high international development (+30% over 2010), the acquisition of new references abroad (four banks in four countries) and in Italy (one bank and two major factoring firms), and by the acquisition of major contracts in the field of monitoring, business intelligence, contract management and management of sureties and guarantees integrated in the underwriting process.

Concerning IT Governance and IT Security, in 2011 there was a decrease in overall volume, especially in hardware and software solutions, while it was possible to revise partnerships in progress focusing on structured services with higher added value for customers.

Lastly, in 2011 cross-selling strategies were activated for ERP and BI products, which led to important partnerships with major banking institutions.

INDUSTRY AND MEDIA

In 2011 the **Industry and Media** business line recorded revenues amounting to Euro 18.2 million, a 39% rise over 2010. Euro 3.3 million of this result is due to consolidation of the newly acquired Realtech SpA, and the rest is from internal growth (12%), which is in contrast with the negative trend of the IT market for industry throughout 2011.

IT demand was still characterised by pressure on fees and by the fact that major investment projects that were being postponed in order to use resources for streamlining operating costs while investing little in more innovative projects.

In a market where supply is being concentrated in operators that, due to their size, offer and financial stability, can be reliable partners, Exprivia managed to meet these requirements and gain market share.

The results were achieved by increasing services to already existing customers and by acquiring new references in the manufacturing, chemical and service industries through a competitive product range that is verticalised for each sector.

Sales activities were developed throughout Italy with a direct presence in the North West, North East, Centre and South. The segments targeted were mainly large enterprises, medium enterprises and in certain regions such as Triveneto, and *ad hoc* solutions were also developed for small enterprises.

The strategy of the business line focused on the **integration and modules of the solutions proposed** and in how the services were provided in **nearshoring** mode.

Concerning the first factor, industry structured a competitive range that covers several application areas: ERP solutions and Extended ERP, BI, SOA and MES, based on software platforms from leading vendors, and infrastructure areas: IT management services, server consolidation and virtualisation, storage infrastructure.

Special attention was placed on selective and full outsourcing, presenting the group as the customer's only IT provider able to guarantee management of IT systems and infrastructure in legacy infrastructure and application architectures, as well as their development into innovative models and platforms.

Warehouse operations management was one of the application areas that was developed the most during the year. The subsidiary Datilog recorded significant commercial results as an operator specialised in processes and systems for logistics.

Considerable investment was made in offering SaaS and Cloud Computing solutions, also through important partnerships: as a Telecom Italia application partner in the Italian cloud for providing ERP solutions for SMEs; partnership with Uvet in the company TraxAll, which is specialised in providing innovative service on demand in business travel management.

There was a slight rise in activity to develop real-time systems for the Defence industry as a result of the extensive technical and process skills attained by Exprivia in this sector.

With regard to innovation Exprivia's position in the mobile solutions market, where through its subsidiary Realtech it acquired important references and developed a catalogue of Apps for the business world making it one of the operators of choice in the sector.

CPA, TRANSPORT AND UTILITIES

As at 31 December 2011 revenues in the **Public Administration, Transport and Utilities** segment rose to Euro 23.2 Million, up by 64% over 2010. This was mainly the result of internal growth in the segment and the contribution of Realtech Italia (Euro 2.4 million).

The composition of revenues in 2011 were totally concentrated in "projects and services" as a result of a precise sales strategy that started up in 2009 to cover this highly lucrative segment and limit the group's presence in "maintenance" and "third-party hardware and software", which are no longer covered since they are not considered to be profitable.

The business line recorded important results in terms of strategic positioning in the utilities market, especially in the energy sector due to its know-how in the macro-process of sales in this market: measures, reports, invoicing, credit management, retention, and actual sales. Moreover, it plays an increasingly important role in setting up technological infrastructures to support energy market liberalisation, which also brings high visibility amongst operators in the market. The acquisition of the project to develop the integrated information system for Acquirente Unico SpA demonstrates the Group's high degree of technological skill and competence in the sector the market now acknowledges.

The considerable rise in revenues is mainly due to the fact that certain contracts awarded last year moved on to the executive phase, which shows that there remains a significant back-log of activities for 2011 and for upcoming years.

Already in 2011 Exprivia was able to exploit the growing trend in progress of major energy players to outsource more and more internal administrative processes thereby turning the customer-supplier relationship into a logic of partnership.

The Public Administration component recorded an increase in revenues although it was rather limited when considering the potential size of this market segment. There was a slow-down in activities to go live for contracts already awarded in this market, which meant that execution of the projects only started up in 2011 thus leading to delays in generating revenues during the year.

OIL, GAS AND TELECOMMUNICATIONS

In 2011 revenues in the **Oil, Gas and Telecommunications** segment rose to Euro 14.3 million, up by 20% over the previous year.

The increase in revenues mainly derives from professional services and projects executed for customers, which is the result of intense efforts to reposition Exprivia's offer to segments with higher added value. The rise also supports efforts to focus on primary customers in the Oil & Gas and Telco market, where Exprivia Group has enjoyed relations for decades with competence in core areas.

In 2011 new strategic partnerships were consolidated in this sector to enable new offer lines related to products for IT security in the Telco sector. Some of these partnerships produced results already in 2011 whereas others will obtain a commercial return over the next three years.

Lastly, in 2011 the business line focused its efforts on Governance Risk & Control for the Telco market, a segment that is expected to grow significantly in 2012.

HEALTHCARE AND LOCAL ENTITIES

Revenues in the **Healthcare & Local Entities** segment fell to Euro 33.0 million, down by 19% compared to 2010. This was mainly due to the realignment with the natural level of revenues generated in **Medical Imaging**. Indeed, in 2010 this business segment benefitted from the RAS/PACS system installed at the Asti ASL [Local Healthcare Provider] which, in addition to regular medical imaging, entailed a significant amount of basic hardware and software sales (Euro 2.9 million) as well as licensing. The slower growth in results for 2011 is also due to the fact that certain tenders in Radiology and under the **Hospital Information System** (AuroraWeb) were supposed to be published and/or awarded in 2011, but they were instead postponed until 2012.

Revenues generated by the subsidiary Svimservice in the **Region, Territory and Local Entities** segment were in line with forecasts and slightly lower than the same period in 2010. The decrease is basically due to a reduction in revenue from the Edotto contract, which is expected to be delivered in 2012.

Lastly, current revenues from **Voice Recognition** applications were slightly lower than the corresponding period last year mainly due to delays in certain contracts that were put off until 2012. Furthermore, margins in this sector are improving.

SPAIN AND CENTRAL AMERICA

In 2011 international development focused on strengthening technical sales structures that already existing by year-end 2010 and on penetrating other markets in South America.

In Spain, where Exprivia Group's presence is through two subsidiaries, Prosap SL and Exprivia SL, new teams were set up that are specialised in creating web services and support for Murex financial applications. These investments made it possible to extend the traditional product range based on ERP applications and SAP services for industry and distribution and on business intelligence solutions for the healthcare sector.

A branch office was opened in Barcelona in order to provide services for a particularly important user base.

In Mexico, Exprivia operates directly through Prosap Mexico in the manufacturing industry, real-estate and energy, and also through a local distributor specialised in the healthcare sector.

A new branch office was also opened in Monterrey (Mexico), which is a particularly important manufacturing hub for all of North America.

In South America Prosap Peru was formed, which is a start-up focusing on the industry sector and public administration. It is a SAP Andina partner.

In Brazil, Exprivia acquired a company specialised in IT Security solutions (effective 1 November 2011). The role of Exprivia do Brasil Serviços de Informatica Ltda is to quickly expand its presence in the area and promote solutions and services in the healthcare segment as well as SAP ERP products.

The sharp rise in sales achieved in 2011 in these markets is the result of significant investments made in human resources and operational structures, which naturally limited profit margins.

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 2011 and 31 December 2010.

The figures shown below for 2011 include those of the Exprivia Group in its current consolidation area including the subsidiaries Realtech S.p.A. (starting on 01.04.2011), SiSpa Srl (starting on 01.07.2011) and Exprivia do Brasil Serviços de Informática Ltda. (starting on 01.11.2011).

| | 31.12.2011 | 31.12.2010 |
|---|--------------|--------------|
| Total production revenues | 120,631,619 | 100,045,888 |
| net proceeds and variation to work in progress to order | 115,776,738 | 96,662,179 |
| increase to assets for internal work | 1,837,504 | 1,236,959 |
| other proceeds and contributions | 3,017,377 | 2,146,750 |
| Difference between costs and production proceeds (EBITDA) | 13,873,882 | 15,252,445 |
| % on production proceeds | 11.50% | 15.25% |
| Net operating result (EBIT) | 10,886,109 | 11,877,425 |
| % on production proceeds | 9.02% | 11.87% |
| Net result | 3,206,289 | 4,929,299 |
| Group net equity | 67,240,606 | 65,790,184 |
| Total assets | 197,897,777 | 174,380,060 |
| Capital stock | 26,979,658 | 26,979,658 |
| Net working capital (1) | 39,950,807 | 37,696,763 |
| Cash flow (2) | 6,755,715 | 7,826,201 |
| Fixed capital (3) | 87,619,519 | 82,650,489 |
| Investment | 7,668,109 | 4,924,367 |
| Cash resources/bonds (a) | 7,473,881 | 7,276,753 |
| Short-term financial debts (b) | (38,053,114) | (24,002,467) |
| Medium-/long-term financial debts (c) | (13,774,738) | (23,031,905) |
| Net financial position (4) | (44,353,971) | (39,757,619) |

(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 calculated 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 main economic indicators of the Group for 2011 compared to 2010.

| Exprivia Group | 31/12/2011 | 31/12/2010 |
|---|------------|------------|
| Index ROE (Net income / equity capital) | 4,77% | 7,49% |
| Index ROI (EBIT / Net Capital Invested) | 9,64% | 11,17% |
| Index ROS (EBIT / Revenues) | 10,19% | 13,93% |
| Financial charges / Net profit | 80,15% | 40,46% |

The table below shows the main capital and financial indicators of the Group as at 31 December 2011 and at 31 December 2010.

| Exprivia Group | 31/12/2011 | 31/12/2010 |
|--|------------|------------|
| Net Financial Debt / E Ind. Finanz. Netto/Capitale Netto | 0,66 | 0,60 |
| Debt ratio (Total Liabi Rapp. Ind. (Totale passivo/Capitale Netto) | 2,94 | 2,65 |

The Exprivia Group closed 2011 with a **consolidated production value** of Euro 121 million (+20.6% over 2010), an **EBITDA** of Euro 13.9 million (Euro 15.3 million in 2010), an **EBIT** of Euro 10.9 million (Euro 11.9 million in 2010) and a **pre-tax profit** for the Group of Euro 8.7 million (Euro 9.9 million in 2010). The **EBITDA margin** was 11.5% whereas the **EBIT margin** was 9%.

In 2011 the company accelerated development provided for in the Industrial Plan by acquiring additional market share in Italy and abroad, also due to the contribution from growth for external lines. The acceleration generated higher costs for integration and considerable investment to recruit and develop new human resources, which rose by 47% from 1,312 workers on 31 December 2010 to 1,923 (about 400 new employees, 240 of which for Business Process Outsourcing).

Considering the economic contribution for all of 2011 deriving from acquisitions in the year, Exprivia Group would have attained a consolidated proforma value of production amounting to Euro 128 million (+28% over 2010), proforma EBITDA of Euro 15 million (-2.2% compared to 2010), and proforma EBIT of Euro 11.9 million (same as 2010). In this case the proforma EBITDA margin would have been 11.7%, and the proforma EBIT margin 9.3%.

Although the market in Italy was marked by stagnating investments for the third consecutive year, in addition to a 4.1% drop in the IT segment (source: Assinform), the Exprivia Group was able to diversify and focus its range on projects that create value for companies, thereby enabling the group to position itself in all segments of the market as a leading IT partner. Additionally, the development of international markets enabled the group to increase its presence abroad and increase turnover by 160%, both through the companies acquired and by implementing business development policies geared towards multinational customers.

The **consolidated net financial position** as at 31 December 2011 was Euro -44.3 million, compared to Euro -39.7 million as at 31 December 2010, and 31% comprises long-term payables. Despite the increase in contract work in progress, up by about Euro 9 million, and investments for Euro 7.4 million, 0.7 of which for the acquisition of Realtech and 3.3 for SiSpa, total indebtedness remained basically stable (Euro 4.6 million). The ratio between the net financial position and value of production improved and fell to 37% in 2011 from 40% in 2010. The ratio between net working capital and value of production also improved and went down from 38% in 2010 to 33% in 2011.

As a result of not meeting a financial parameter at 31 December 2011 the company deemed it necessary, in accordance with IAS 1 paragraph 74, to reclassify the non-current part of medium-term loans (Euro 7,714,286) under “**current bank payables**”.

In any case the company took measures to obtain a waiver so that, in consideration of the financial and industrial reasons for not respecting the parameter, the banks should renounce certain entitlements under the loan agreement. The company is confident that our request will be accepted shortly.

The **Group's Net Equity** as at 31 December 2011 rose to Euro 67.2 million compared to Euro 65.8 million at 31 December 2010.

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 head offices, located in Molfetta (BA), Via Adriano Olivetti 11/a, covers a surface area of about 8,000 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 5,000 m². of office space.

Training programmes on the most modern IT technologies for large groups of people are organised and carried out at the Molfetta office. The development of technical staff, both internal staff and customers, is based on continuing professional training and education.

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

RESEARCH & DEVELOPMENT

The global economic crisis currently in progress can be turned into an opportunity to expand company horizons. It makes it necessary to introduce innovation and this is a guideline for the entire Exprivia group as well as a precise direction for all Research and Development activities.

R&D in 2011 focused on a series of research objectives within Exprivia's framework research project for the next few years, “*Città Digitale 2.0*” [*Digital City 2.0*]. The project provided a technological and application framework to determine and define company innovation strategies.

Underlying Città Digitale is Exprivia's vision on improving the quality of urban life through ICT-based services in day-to-day life. The partnership undertaken in December 2010 between Exprivia and CISCO, global leader in network solutions, brought together the common vision of the two companies and defined the intention to work together to make technology an essential tool and indispensable to create a model for a “Smart City” starting from already existing infrastructure.

Work continues on two active projects:

SDI - Service Delivery Improvement, co-financed by Regione Puglia under the Regional Planning Programme, whose aim is to enhance and innovate IT service delivery starting from adopting and experimenting with new delivery systems, such as Software as a Service (SaaS) and Cloud Computing;

SLIMPORT – Security, Logistics, InterModal Port system – which was kicked off in 2009 under the Industry 2015 programme – Sustainable Mobility. In this context Exprivia is the leading partner in the sub-project SLIMSAFE, whose goal is to develop a smart, modular and scalable platform able to analyse, shape and oversee port operations. The lead company in the entire SLIMPORT project is Elsag Datamat S.p.A.. The SLIMPORT project will close at the end of April 2012.

The **GeoCollaboration** system is one of the most interesting results of the SLIMPORT project. It manages resources and monitors safety at the workplace. The system's mobile App was awarded as the most innovative solution for 2012 and defined as one of the “best business APPs” in the “Business App” category at the *Smau Mob App Awards Bari*, an initiative promoted by the Observatory of the Milan Polytechnic School of Management.












One of the projects that was approved but not kicked off yet is **LOGIN** – Integrated LOGistics under Industry 2015 - Made in Italy.

In addition, one of the research projects presented to the 2010 call for national research programmes (PON - Programma operativo nazionale “Ricerca e Competitività” 2007-2013 [*National Operational Programme “Research and Competitiveness”*]) was the project “**MEDICO**”, whose aim is to develop 3D medical imaging solutions for Exprivia's RIS/PACS range. It was shortlisted as one of the projects eligible for funding from the Ministry of Research and the final list of winners is expected from the Ministry.

Concerning the presentation of new proposals under the PON national research programme (PON - Programma operativo nazionale “Ricerca e Competitività” 2007-2013 [*National Operational Programme “Research and Competitiveness”*]) and the development of actions known as “Hi-tech Districts and related networks” and “Public-Private Laboratories and related networks” (Axis I - Support for structural changes) Exprivia participated in drafting various proposals for the development and enhancement of Hi-tech Districts and Public-Private Laboratories which the company belongs to: the District Di.T.N.E. S.c.a r.l. (National Technological District for Energy) based in Brindisi, the Laboratory LAB GTP, based in Naples, and the High-Tech Technological District DHITECH S.c.a r.l., based in Lecce.

Events and sponsorships

In 2011 the Exprivia group participated in and sponsored numerous initiatives summarised below.

-  Exprivia was present at **Smau Bari**, held at the Levante Fair on 9-10 February, with a speech given by the Chairman Domenico Favuzzi. The 2011 edition focused on gathering major technological players to show the main IT innovations in the market and to provide a chance for professionals to see the latest trends.
-  Exprivia participated in **Cebit Hannover** on 1–5 March. CeBIT is the biggest international even in the digital industry.
-  Exprivia participated in the 7th edition of **Forum ABI Lab** Connecting Conference held in Milan on 24 and 25 March 2011. This conference is an important event where banks and companies gain insight on issues related to the role of ICT in the banking sector. Exprivia had a stand at the Innovation Lab area where it presented a new solution for multichannel payment, **Pay4any**. The solutions presented at Innovation Lab were assessed and voted on by the banks and *Exprivia's Pay4any was awarded as the most innovative solution.*
-  Exprivia participated in the event "**Med.it-il futuro della salute**" held at the Fair of Vicenza on 29–30 March. Med.it is an institutional event of reference for healthcare professionals promoting hospital innovation and electronic healthcare. It acts as an observatory driving healthcare players to meet for the birth of a care network and optimise costs and procedures. Exprivia had its own stand and presented a range of healthcare service solutions.
-  Exprivia participated in the **7th Annual CEE Credit Risk Management**, which was held in Prague on 5–6 April 2011. The event focused on Credit Risk Management in Central and Eastern Europe. The leading credit institutions in Central and Eastern Europe were present in addition to banking groups from the EU. Exprivia had a large stand on its own where several proprietary solutions for credit were presented.
-  On 11 May Exprivia participated in **Sap Ewm Infoday** held at the head offices of SAP in Vimercate (MB) to present its innovative EWM range for advanced management of warehouse logistics.
-  Datilog and Exprivia participated in **Global Logistic**, which was held on 18-19 May in Bologna. Datilog and Exprivia had scheduled meetings with Executives and Managers in logistics and supply chain management.
-  Exprivia participated in **South American Healthcare Fair Hospitalar**, which was held in San Paolo (Brazil) on 24-27 May. Hospitalar is the biggest healthcare fair in Brazil, and there were over 1,250 exhibitors and about 89,000 visitors.
-  Datilog and Exprivia participated in **Meeting Transport & Logistics**, held on 16 and 17 June in Milan. The event was entirely dedicated to logistics and supply chain management and focused mainly on solutions for planning, optimising and managing logistics, supply chain management and transport.
-  Exprivia sponsored the "**12th International Conference on Product Focused Software Development and Process Improvement**", which was held on 20 and 22 June in Torre Canne (BR). The conference focused on IT research and companies and among the many issues dealt with were Service Engineering Processes, Systems and Software Quality, Process Modelling and Simulation, and Process Assessment and Management.
-  Exprivia and Realtech Italia participated in **SAP World Tour 2011**, which was held on 23 June in Milan. SAP World Tour was an event dedicated to companies that intend to innovate and learn about SAP tools for business. It was the first formal event where the Exprivia group presented its own product range together with the newly acquired Realtech.



Exprivia sponsored the **Mugello Grand Prix**, which was held on 1-3 July 2011 at the Mugello circuit in Scarperia (FI). Exprivia sponsored the champion Nico Terol on the “Bankia Aspar” team.



Exprivia participated in the **National Conference (MRI Scanning section)** – SIRM Marche, which was held on 27-29 October in Ancona. The conference is for radiology professionals specialised in MRI scanning and especially heads of radiology wards at public hospitals in Marche. It was a chance for Exprivia to raise visibility in this region.



Exprivia participated in **Technology Biz**, which was held on 8-9 November 2011 in Naples. TechnologyBIZ is an annual initiative dedicated to ICT and innovation with special focus on the needs of companies in the South of Italy and the Mediterranean area.



Exprivia participated in the **ISSA Security Conference** on 9 November 2011 in Rome. The conference especially dealt with cloud computing, mobile payment security, data loss prevention, application security, and risk fraud management.



Exprivia participated in **Expobit** on 17-20 November in Catania. Expobit, the Euro-Mediterranean show on technological innovation, is one of the most important national events on innovation. It also hosted the technology show known as ExpoHealthBit.



Exprivia participated in **BeMyApp** on 25-27 November in Bari. BeMyApp is a contest focusing on the development of software applications for mobile devices (smartphone and tablet) based on Windows Phone (Microsoft), Android (Google) or iOS (Apple).

RISKS AND UNCERTAINTIES

INTERNAL RISK

RISK RELATED TO EMPLOYMENT OF KEY STAFF MEMBERS

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 operations.

The loss of the services of one of these key figures without an appropriate replacement, and also the inability to attract and keep new qualified resources, could have negative effects on prospects and operations 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. The group set up a short-term (MBO) and long-term (LTI) incentive plan, which is described in the Remuneration Report submitted to the shareholders' meeting for approval.

RISK RELATED TO DEPENDENCE ON CUSTOMERS

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

The revenue of the Group is well distributed over an array of 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.

RISK RELATED TO CONTRACTUAL COMMITMENTS

The Exprivia group develops high value solutions with a high technological content and related underlying contracts may provide for the application of penalties for compliance with 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 stipulated insurance policies with leading insurance companies, considered adequate to safeguard itself from the risks arising from professional liability (the policy covering "all IT risks"). Moreover, should this cover be insufficient and Exprivia group required to pay for damages amounting to higher than the limit stipulated, the economic, capital and financial situation of the Exprivia group could suffer significant negative effects.

RISK RELATED TO INTERNATIONALISATION

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

EXTERNAL RISK

RISK ARISING FROM THE GENERAL CONDITIONS OF THE ECONOMY

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

An unfavourable economic phase, particularly at a domestic level, could slow demand, which would result in a capital, economic and financial impact.

RISK RELATED 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 professionals and skills to gather in the creation of services, together with a need for constant development and updating of new products and services.

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

RISK RELATED TO COMPETITION

Stiffer competition, also linked to the possible entry of new players with human resources and financial and technological skills offering lower prices could affect the work of the Exprivia group and the possibility of consolidating or extending its competitive position in its sectors with the resulting impact on the operations and economic, capital and financial situation of the Exprivia group.

RISK RELATED TO CHANGES IN LEGISLATION

The work conducted by Exprivia Group is not subject to any specific legislation in the sector.

FINANCIAL RISK

INTEREST RATE RISK

Over the years Exprivia group has obtained various loans including several medium-long term at a fixed rate and others at a facilitated rate, the latter relating to funded research and development projects. Concerning variable rate loans, where considered necessary the company stipulates interest rate swap agreements to hedge the risk of fluctuating interest rates.

Details on current loans, hedging and assessment on the effectiveness of hedging are given in the explanatory notes to the financial statements.

CREDIT RISK

Exprivia group does not have significant concentrations of credit risk except for work carried out in the Public Administration sector, where delays are allowed mainly due to the payment policies adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

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

All amounts receivable are periodically assessed for each individual customer, and they are written down when they are considered impaired.

Details on trade receivables are given in the notes to the financial statements.

LIQUIDITY RISK

Prudent management of liquidity risk is pursued by monitoring cash flow, financing needs and the liquidity of the Exprivia group to ensure effective management of financial resources by managing any surplus liquidity or surplus that can be liquidated, and by opening credit lines where necessary, including short-term ones.

Medium-term borrowings have certain financial parameters to meet. If they are not respected then the lending banks are entitled to demand immediate repayment from Exprivia, which would have a negative impact on the financial situation of Exprivia and the overall group.

EXCHANGE RATE RISK

Since the majority of operations conducted by the Exprivia group is in the Euro area there is limited exposure to foreign exchange risk arising from transactions that are not in the usual currency (Euro).

Significant Events

COMPANY EVENTS

On **28 April 2011** the Shareholders' meeting of Exprivia SpA met on first call to approve the financial statements as at 31 December 2010 and the distribution of a dividend amounting to Euro 0.04 per share.

In addition to approving the Corporate Governance and Ownership Report, the same shareholders' meeting also approved the remuneration policy for directors and executives with strategic responsibility for the Exprivia Group, which was drafted by the Remuneration Committee with the support of a consultancy firm specialised in defining long-term incentive programmes.

When renewing the Board of Directors and Board of Statutory Auditors, which shall remain in effect for the next three financial years until approval of the 2013 year-end financial statements, the shareholders' meeting withdrew the authorisation to purchase and dispose of own shares, which was resolved on 20 April 2010, and approved the issue of new authorisation to purchase and dispose of own shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code.

On **2 May 2011**, the new Exprivia Board of Directors confirmed the Chairman Domenico Favuzzi as the Chief Executive Officer and Dante Altomare as Vice Chairman of the company.

Furthermore, requirements for the status of independence were verified for the directors Alessandro Laterza, Giorgio De Porcellinis and Pierfilippo Roggero; the latter was appointed as Lead Independent Director.

At the same meeting the Board resolved to appoint the independent directors Pierfilippo Roggero, Alessandro Laterza and Giorgio De Porcellinis as members of the Internal Control Committee and Remuneration Committee.

On **5 May 2011** the company distributed a dividend of Euro 0.04 per share for a total amount of Euro 2,075,120.88.

On **29 September 2011**, Pierfilippo Maria Roggero submitted his resignation due to potential incompatibility between his professional activities and the position as independent director and Lead Independent Director. As the board did not co-opt a replacement it continued its activity with the remaining 8 members.

On **11 November 2011**, the Board of Directors appointed the independent director Alessandro Laterza as Lead Independent Director to replace Pierfilippo Roggero and also appointed Valeria Savelli as member of the Internal Control and Remuneration Committee.

On **15 December 2011** the Board of Directors appointed Pierfilippo Maria Roggero as non-independent director effective immediately and as Chief Executive Officer as of 2 January 2012, as he had removed the potential incompatibility with his professional activities.

ACQUISITIONS/SALES IN THE EXPRIVIA GROUP

On **14 March 2011**, Exprivia SpA stipulated a binding agreement to acquire 51% of Realtech Italia S.p.A., an Italian company specialised in designing and setting up IT solutions on the SAP platform. From 1996 until last year Realtech Italia was the Italian branch of the German multinational Realtech AG, which is listed on the Frankfurt stock exchange. It was then taken over by the company G&K Management S.r.l. through a management buy-out.

The acquisition of 51% of Realtech Italia S.p.A. was completed on **31 May 2011**.

In **March 2011** ProSAP Perú S.A.C. was formed and operational. It is based in Lima, Peru, 99.9% controlled by ProSAP Spain (Profesionales de Sistemas Aplicaciones y Productos S.L.). In addition to serving international customers in the country, the main purpose of this new company is to select and acquire specialised resources operating for other companies in the group in Central America.

On **22 July 2011**, Exprivia S.p.A. stipulated a binding agreement to acquire 100% of the share capital of Sistemi Parabancari S.r.l. (SiSpa), a Milanese company belonging to Gruppo Banca Popolare dell'Emilia Romagna, Italian leader in outsourcing IT, legal and administrative services for factoring firms.

The purchase was completed in **25 July 2011**.

On **14 October 2011**, Exprivia SpA completed its acquisition of shares held by Dedagroup SpA in GST - Gruppo Soluzioni Tecnologiche Srl. The acquisition of these shares raises Exprivia's stake in GST from 63.20% to 91.09%.

On **27 October 2011** Exprivia SpA stipulated a binding agreement to acquire Visiant do Brasil de Informatica Ltda, a Brazilian company specialised in IT Security solutions.

The purchase was completed in **February 2012**.

On **2 November 2011**, Exprivia S.p.A. completed its acquisition of 30% of shares in TraxAll Srl, a start-up that uses the SAP application platform to manage travel & entertainment outsourcing for Italian and foreign companies. Exprivia's entry in TraxAll is considered a strategic investment.

On **30 December 2011**, Exprivia SpA completed its acquisition of shares held by its CEO Marco Biraghi in GST - Gruppo Soluzioni Tecnologiche Srl. The acquisition of these shares makes Exprivia the sole shareholder of GST.

On **19 December 2011**, Exprivia SpA completed its acquisition of shares in Infaber Srl held by its Sole Director Renato Bellotto. The acquisition of these shares raises Exprivia's stake in Infaber Srl from 50.10% to 60.00%.

STOCK OPTION PLAN

On **1 March 2011** subscription began for stock options assigned with the third package in the stock option plan at a price of €1.6582 per share.

On **11 April 2011** subscription began for stock options assigned with the fourth package in the stock option plan at a price of €1.577 per share.

In both cases the period to exercise the right ended on **30 June 2011**, and no stock options were exercised by that date.

On 30 June 2011, the share capital increase under the resolution passed by the extraordinary shareholders' meeting of 3 August 2006 was concluded by issuing up to 3,300,000 new ordinary shares at Euro 0.52 each for Directors, Executives, Employees and Workers of Exprivia S.p.A. and its subsidiaries and affiliates. The shares subscribed and issued amounted to 1,174,500 for a total of Euro 610,740.00. They are already under the company's share capital, which amounts to Euro 26,979,658.16 divided into 51,883,958 shares at Euro 0.52 each.

Events after 31 December 2011

On 13 March 2012, the Board of Directors coopted the independent director Umberto Paolucci as the tenth member as a replacement for Carla Chiara Santarsiero, who had resigned from the position she was elected for by the shareholders' meeting of 28 April 2011.

Exprivia's Stock Market Performance

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

51,883,958 shares constitute the Share Capital as at 31 December 2011 with a nominal unit value of Euro 0.52.

Stock Exchange ISIN code: IT0001477402

Acronym: XPR

Specialist: Centrobanca

COMPOSITION OF SHAREHOLDERS:

On the basis of the entries in the shareholders' register, as supplemented by instructions received in accordance with art. 120 of the Consolidated Finance Act and available information, as at 31 December 2011, the shareholder structure of Exprivia was as follows:

| Shareholders | Shares | Shareholder |
|----------------------------|-------------------|-------------|
| Abaco Innovazione S.p.A.: | 25.617.698 | 49,37% |
| Merula S.r.l: | 2.607.330 | 5,03% |
| Data Management S.p.A.: | 1.055.001 | 2,03% |
| share held | 89.439 | 0,17% |
| Other shareholders (< 2%): | 22.514.490 | 43,39% |
| Total Shares | 51.883.958 | 100% |

STOCK PERFORMANCE:



The graph shows the performance of Exprivia stock on the FTSE Italia Star index in January-December 2011.

HUMAN RESOURCES

STAFF

The following table summarises the staff situation of the group at 31 December 2011 compared with the same period at 31 December 2010.




| Company | Employees 31/12/2011 | Employees 31/12/2010 | Collaborators 31/12/2011 | Collaborators 31/12/2010 |
|---------------------------------|-------------------------|-------------------------|-----------------------------|-----------------------------|
| Exprivia S.p.A. | 736 | 611 | 53 | 41 |
| Wel.Network S.p.A. | 117 | 105 | 2 | 3 |
| Svimservice S.p.A. | 283 | 256 | 1 | 1 |
| Exprivia Solutions S.p.A. | 110 | 102 | 18 | 22 |
| Exprivia SL | 11 | 10 | 3 | 3 |
| Exprivia Projects S.p.A. | 246 | 74 | | |
| GST Srl | 11 | 14 | 1 | 1 |
| Realtech | 154 | | 2 | |
| Datilog | 6 | 4 | 2 | 2 |
| Prosap | 160 | 105 | | 1 |
| InFaber Srl | 20 | 19 | | 1 |
| Sispa | 60 | | 2 | |
| Spegea S.c. a r.l. | 9 | 12 | 4 | 7 |
| Total | 1923 | 1312 | 88 | 82 |
| <i>of which senior managers</i> | <i>33</i> | <i>27</i> | | |
| <i>of which middle managers</i> | <i>180</i> | <i>112</i> | | |

At 31 December 2011 there were 1,923 employees in the group, compared to 1,312 at the end of 2010.





MANAGEMENT TRAINING AND DEVELOPMENT

Exprivia is committed to maximising the value of its resources by adopting integrated management and organisation tools. For this purpose the Human Resources Department improved the organisation structure by integrating the following functions into a single department: Organisational Development and Human Resources Administration. By combining the two functions under one department the company raised efficiency in development and incentive plans while constantly paying attention to cost/benefit.

In particular, the role of the Organisational Development department in 2011 was to provide support to all departments in the group by improving tools for:

-  Planning and reviewing work performance (Performance Management);
-  Development of professionalism (Training);
-  Improving the recruitment process (Recruitment and Orientation).



Concerning Performance Management, in order to set up an organisation model that strictly focuses on merit and extended to all persons working for the Exprivia Group, an individual performance assessment process was designed and implemented (after due testing) thereby leading to improvements in:

-  Ability to measure performance targets;
-  Effective assignment of objectives with a view on professional development;
-  Structure objectives in terms of quality and quantity;
-  Attribute remuneration in proportion to each individual's merits, growing professional skills, and significant company results.

The individual performance assessment system, which uses an MBO form (management by objectives), is the most important source of information for remuneration tools (Talent Management, Incentives, Management Training).

Concerning incentives, a system strictly lined to company objectives and individual targets was designed to structure remuneration with short-term objectives (annual short-term incentive system) and long-term objectives (three-year long-term incentive system). In particular, the system was designed to comply with laws regulating remuneration plans for strategic figures and top management. Throughout the company remuneration is connected to results achieved by each individual, and it was designed to be sustainable and compatible with company results while ensuring the approach is based on merit.

Concerning training, different paths were set up according to professional group:

-  *Development of executive management skills*, for top management to discuss key issues on the development of organisation, internationalisation and innovation. Seminars were held by experts specialised in the issue at hand and international case studies were presented.
-  *Development of management skills* (leadership and effective organisation) for middle management. An MBA programme (Corporate Master in Business Administration) was designed and implemented to integrate different professional figures in the group and improve the operational effectiveness of professional roles considered strategic for the organisation's objectives. On completion participants drafted a work project to sum up and apply the training experience.



Development of technical skills for ICT roles through specialised training plans also to obtain certification on completion. These courses for training and specialisation were held for all ICT roles in the group in the firm belief that improving skills means raising the value of persons and so the competitive advantage of the organisation.

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

In 2011 over 10,000 hours of training took place involving the participation of 530 employees for an investment of Euro 247,400.

The training courses mentioned involved participants from all Group companies and therefore encouraged the integration of diverse organisational cultures and experiences from several different markets.

In 2011 about 110 Group employees took certification exams and obtained technical and/or professional certificates.

Concerning recruitment for Exprivia Group, in 2011 277 new resources were hired (specialists and recent graduates in ICT) and 190 new resources operating in BPO and Contact Centers, for a total of 467 new workers hired, which is considerably more than the 118 hired in 2010. In order to improve access to the job market in terms of quality and quantity, Exprivia made the recruitment process more effective by focusing on process management structured by market. It improved its needs analysis for each market and assessment of specialised skills by market. Concerning access to new talent, Exprivia focused heavily on relations with universities and polytechnics, and for orientation purposes it held special workshops on campus for students nearing graduation. This was managed with the support of the Research and Development department so as to build relationships for covering the need for new talent, but also to invest in innovation.

Management and Control Organisation Model (pursuant to Legislative Decree no. 231/2001)

Effective 31 March 2008, Exprivia adopted its Organisation, Management and Control model under Legislative Decree no. 231/2001 and set up a Supervisory Body appointed for the whole Group. None of its members are directors of Group companies.

This model is integrated with the principles and provisions of the Exprivia Code of Ethics. The unique nature of Exprivia's governance system and policies is thus confirmed, which also focuses on developing a corporate culture that fully complies with the principals of conduct for all of Exprivia.

The Supervisory Board meets periodically and its task, with the support of Exprivia's Internal Audit Department, is to verify the model, update it, carry out training, and disseminate related information. It periodically reports to the Board of Directors on the activity it has carried out.

The model was last updated in 2009 to bring it in line with legislative changes on these matters.

The Organisation, Management and Control model is published on the Company website in the section "Investor – Corporate Information Report".

Quality Assurance Certification

The Quality Management System, conforming to ISO 9001:2008, 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 last quarter of 2011, an audit was performed to maintain the certification, which resulted in confirmation of the certification.

In April 2010, Exprivia S.p.A. obtained (1) ISO 13485 certification, with the following purpose and field of application: "Design, development, marketing and assistance for software products and IT 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".

In April 2010, Exprivia S.p.A. obtained ISO 13485 certification and product certification in compliance with directive 93/42/EEC for IT systems and software products for managing and archiving medical images, records and clinical data.







In March 2011, the first audit was performed to maintain the certification, which resulted in confirmation of the certification.

The other group companies with ISO 9001 certification 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.

Programmatic Document on Security under Legislative Decree no. 196/2003

The Company updated its PDS (Programmatic Document on Security), as a mandatory security measure set forth by Rule 19 of Annex B) to Legislative Decree no. 196/03.

The company PDS consists of a document structure 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 training courses on these matters;
-  Determining data backup and recovery procedures;
-  Determining job descriptions, operating instructions and codes of conduct.

The Company set up a system for monitoring the application of minimum security measures, a description of which is an integral part of the PDS. The operational procedures for the protection of data treatment were also monitored to make improvements where needed.

Moreover, to optimise security management procedures the company unified the organisational system to bring it in line with legal provisions and ICT standards to prevent cyber crimes under Legislative Decree no. 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-company Relations

The organisational structure of Exprivia Group integrates all staff services in the Human Resources Department and Central Services Department, thereby optimising the operational structures of each company to ensure effectiveness and efficiency in supporting the business of the Group.

The Human Resources Department handles development of skills, union relations, contracts, and staff administration for all the companies in the group.

The Central Services Department consists of the Administration and Finance Department, Planning and Control Unit, General Services Unit, Logistics, ICT Infrastructure, Quality, Processes and Corporate Information System and the Legal Office.

The Group companies constantly collaborate with each other for commercial, technological and application development. In particular the following should be pointed out:

-  Widespread use of specific corporate marketing and communication competencies within the group including the production of paper, digital and web-based 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 highly specialised technical competencies;
-  Coordinated participation by Exprivia in public contract tenders with the contribution of all companies according to their specific competencies.

The table below shows financial relationships between the companies of Exprivia Group and its subsidiaries.

The table below illustrates the equity relationships between the companies of Exprivia Group and its subsidiaries not part of the consolidation area as at 31 December 2011 at 31 December 2010.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|------------------------|---------------|---------------|--------------|
| Farm Srl winding up | 20,388 | 20,388 | - |
| Al Faro Srl winding up | 2,100 | 1,100 | 1,000 |
| TOTAL | 22,488 | 21,488 | 1,000 |

Relations with Affiliates and Associated Companies

In compliance with applicable legislative and regulatory provisions, and in particular with:

(i) the new "Regulations on transactions with affiliated parties – CONSOB resolution no. 17221 of 12 March 2010" as amended by resolution no. 17389 of 23 June 2010; (ii) the outcome of the subsequent "consultation" published by CONSOB on 24 September 2010; (iii) the CONSOB notice on guidelines for applying the regulations published on 24 September 2010; (iv) CONSOB notice no. 10094530 of 15 November 2010 with additional clarifications.

On 27 November 2010 the Board of Directors of the company adopted a new PROCEDURE FOR TRANSACTIONS WITH AFFILIATES, setting forth provisions concerning transactions with affiliates in order to ensure transparent and correct operations with affiliates in substance and procedure carried out directly or through companies that are directly and/or indirectly controlled by Exprivia ("Exprivia Group").

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

Transactions with affiliates are part of normal business management and are carried out under normal market terms.

The procedure for performing inter-company transactions and transactions with associated companies is published on the company website in the section “Investor – Corporate Information”.

The table below shows amounts payable and receivable and costs and revenues, both commercial and financial, between the companies of Exprivia Group and associated companies.

RECEIVABLES FROM AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------|------------|---------------|-----------------|
| Pervoice | 914 | 19,894 | (18,980) |
| TOTAL | 914 | 19,894 | (18,980) |

PAYABLES TO AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------|--------------|---------------|----------------|
| Pervoice Srl | 9,941 | 18,079 | (8,138) |
| TOTAL | 9,941 | 18,079 | (8,138) |

COSTS WITH AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------|---------------|---------------|-----------------|
| Pervoice Srl | 19,159 | 43,065 | (23,906) |
| TOTAL | 19,159 | 43,065 | (23,906) |

REVENUES FROM AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------|--------------|---------------|-----------------|
| Pervoice Srl | 3,071 | 63,842 | (60,771) |
| TOTAL | 3,071 | 63,842 | (60,771) |

Group Relations with Parent Companies

Exprivia S.p.A. has relationships of a commercial nature with its Parent Company Abaco Innovazione S.p.A., namely, these consist of the supply of logistics services, consultancy and support.

The tables below show relations between certain companies in Exprivia Group and Abaco Innovazione SpA, at 31 December 2011. It should also be mentioned that the amount receivable for Exprivia Solutions S.p.A. is of a financial nature.

Receivables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|----------------|----------------|---------------|
| Exprivia S.p.A. | 229,713 | 223,713 | 6,000 |
| Exprivia Solutions S.p.A. | 599,250 | 582,279 | 16,971 |
| TOTAL | 828,963 | 805,992 | 22,971 |

Revenues and Income

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|---------------|---------------|--------------|
| Exprivia S.p.A. | 5,000 | 5,612 | (612) |
| Exprivia Solutions S.p.A. | 16,970 | 13,491 | 3,479 |
| TOTAL | 21,970 | 19,103 | 2,867 |

Business Outlook

2011 was the first year of implementation for the ambitious 2011-2013 Industrial Plan the company published on 21 October 2010.




2011 economic results are more than satisfactory in terms of growth and development. The group has consolidated its presence in the domestic market, especially in the large public enterprise segment, and it has obtained its first significant returns in the international market. Also significant were the acquisitions of Sistemi Parabancari Srl, which considerably improves our presence in the banking sector, Realtech SpA, whose aim is to build the most important SAP Hub in Italy, and Exprivia do Brasil Serviços de Informatica, which enables the group to develop its presence in South America. All of this confirms the excellent work of the entire organisation to achieve the objectives of the 2011-2013 Industrial Plan.

In 2012 the company intends to continue developing its activities in line with the 2011-2013 Industrial Plan while paying special attention to financial resources and profit margins of operational activities.

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 coordination, it is acknowledged that this is exercised by Abaco Innovazione S.p.A., with offices in Viale Adriano Olivetti 11/a, 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 assets of our company;
-  Full transparency of inter-company relations was ensured to the extent that anyone can check whether this principle is being observed;
-  Transactions with Abaco Innovazione S.p.A. were carried out under market terms, i.e., under conditions that would have been applied by independent parties.

Relations with Abaco Innovazione S.p.A. of an economic, capital and financial nature are set forth in the section of this Directors' Report "Group Relations with Parent Companies".

Further, in accordance with Art. 2497 et seq. aiming to regulate transparency in the exercise of company management and coordination, the tables below provide summary data referring to the latest financial statements of Abaco Innovazione S.p.A..

| | 31/12/2010 | 31/12/2009 |
|-----------------------------------|-------------------|-------------------|
| NON CURRENT ASSETS | | |
| Shareholdings | 31,791,782 | 31,864,955 |
| Holdings in subsidiary companies | 31,791,782 | 31,864,955 |
| TOTAL NON CURRENT ASSETS | 31,791,782 | 31,864,955 |
| CURRENT ASSETS | | |
| Commercial credits and others | 18,591 | 19,585 |
| Receivables to subsidiaries | 12,763 | 12,763 |
| Receivables to subsidiaries | 239 | 1,077 |
| Tax assets | 5,589 | 5,745 |
| Liquid assets | 199 | 1,623 |
| Bank assets | 196 | 1,556 |
| Cheques and unrepresented effects | 3 | 67 |
| TOTAL CURRENT ASSETS | 18,790 | 21,208 |
| TOTAL ASSETS | 31,810,572 | 31,886,163 |

NET WORTH

| | | |
|------------------------------------|-------------------|-------------------|
| Company capital | 1,000,000 | 1,000,000 |
| Company capital | 1,000,000 | 1,000,000 |
| Own shares | (166,670) | (152,920) |
| Own shares | (166,670) | (152,920) |
| Other reserves | 23,877,007 | 23,441,161 |
| Legal reserve | 200,000 | 200,000 |
| Extraordinary reserve | 5,025,415 | 4,589,569 |
| Reserve from IAS transaction | (8,408) | (8,408) |
| Share exchange reserve | 18,660,000 | 18,660,000 |
| Profits/Losses on previous periods | 4,586 | 4,586 |
| Profits/ Losses brought forward | 4,586 | 4,586 |
| Profit/Loss for period | 567,131 | 435,846 |
| TOTAL NET WORTH | 25,282,054 | 24,728,673 |

NON CURRENT LIABILITIES

| | | |
|--------------------------------------|------------------|------------------|
| Non current liabilities to banks | 3,500,000 | 4,200,000 |
| Non current liabilities to banks | 3,500,000 | 4,200,000 |
| TOTAL NON CURRENT LIABILITIES | 3,500,000 | 4,200,000 |

| | 31/12/2010 | 31/12/2009 |
|---|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Current liabilities to banks | 1,305,943 | 1,213,844 |
| Payables to banks current share | 1,305,943 | 1,213,844 |
| Payables to suppliers | 168,758 | 161,130 |
| Payables to suppliers | 168,758 | 161,130 |
| Other financial liabilities | 917,795 | 998,864 |
| Payables to subsidiaries | 804,992 | 785,766 |
| Payables to others | 112,803 | 213,098 |
| Other current liabilities | 636,022 | 583,652 |
| Payables to welfare and social security | 28,610 | 23,660 |
| Other liabilities | 607,412 | 530,522 |
| Accrued liabilities | | 29,470 |
| TOTAL CURRENT LIABILITIES | 3,028,518 | 2,957,490 |
| TOTAL LIABILITIES | 31,810,572 | 31,886,163 |

| | 31/12/2010 | 31/12/2009 |
|--|------------------|------------------|
| OTHER REVENUES | 0 | 7,070 |
| Other revenues | | 7,070 |
| TOTAL PRODUCTION REVENUES | 0 | 7,070 |
| 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 | 53,126 | 112,237 |
| Other costs for services | 35,175 | 40,220 |
| Sundry management charges | 17,951 | 72,017 |
| TOTAL PRODUCTION COSTS | 103,076 | 162,187 |
| DIFFERENCE BETWEEN PRODUCTION REVENUE AND COSTS | (103,076) | (155,117) |
| FINANCIAL INCOME AND CHARGES | (670,207) | (590,963) |
| Income from holdings in subsidiaries | (1,023,759) | (1,038,976) |
| Other financial income with separate indication | (35) | (25,119) |
| Interest and other financial charges | 340,095 | 457,980 |
| Financial charges with subsidiaries | 13,492 | 15,152 |
| PRE-TAX RESULT | 567,131 | 435,846 |
| INCOME TAX | 0 | 0 |
| PROFIT OR LOSS FOR THE PERIOD | 567,131 | 435,846 |

Financial Statements

Exprivia Group

Consolidated Balance Sheet

| | 31.12.2011 | 31.12.2010 |
|---|-------------------|-------------------|
| NON-CURRENT ASSETS | | |
| Property, plant & machinery | 10,871,998 | 10,603,449 |
| Land and buildings | 6,496,858 | 6,586,465 |
| Assets under construction and payments on account | 231,468 | 254,315 |
| Other assets | 4,143,672 | 3,762,669 |
| Goodwill and other undefined assets | 69,211,588 | 64,931,863 |
| Goodwill | 29,453,849 | 29,392,727 |
| Consolidation difference | 39,757,739 | 35,539,136 |
| Other intangible assets | 4,337,933 | 3,915,834 |
| Intangible assets | 907,207 | 533,368 |
| Research and development costs | 3,154,541 | 3,382,466 |
| Assets under construction and payments on account | 276,185 | |
| Shareholdings | 1,862,205 | 1,825,285 |
| Shareholdings in subsidiaries | 51,646 | 51,646 |
| Shareholdings in associated companies | 189,224 | 185,688 |
| Shareholdings in other companies | 1,621,335 | 1,587,951 |
| Other financial assets | 279,716 | 169,648 |
| Receivables to subsidiaries | 22,488 | 21,488 |
| Other accounts receivable | 257,228 | 148,160 |
| Deferred tax assets | 1,056,079 | 1,204,410 |
| Tax advances/deferred taxes | 1,056,079 | 1,204,410 |
| TOTAL NON-CURRENT ASSETS | 87,619,519 | 82,650,489 |

| | 31.12.2011 | 31.12.2010 |
|-----------------------------------|--------------------|--------------------|
| CURRENT ASSETS | | |
| Trade receivables and others | 73,882,551 | 64,529,397 |
| Receivables to customers | 58,151,010 | 52,004,102 |
| Receivables to subsidiaries | 914 | 19,894 |
| Receivables to parent companies | 828,963 | 805,992 |
| Other accounts receivable | 13,388,129 | 10,667,126 |
| Tax credits | 1,513,536 | 1,032,283 |
| Stock | 136,934 | 187,635 |
| Stock | 136,934 | 187,635 |
| Work in progress to order | 28,784,892 | 19,735,468 |
| Work in progress to order | 28,784,892 | 19,735,468 |
| Current financial assets | | 318 |
| Other bonds | | 318 |
| Cash resources | 7,473,881 | 7,276,753 |
| Current banks | 7,447,395 | 7,257,793 |
| Cheques and unrepresented effects | 26,486 | 18,960 |
| TOTAL CURRENT ASSETS | 110,278,258 | 91,729,571 |
| TOTAL ASSETS | 197,897,777 | 174,380,060 |

| | 31.12.2011 | 31.12.2010 |
|--|-------------------|-------------------|
| NET WORTH | | |
| Capital stock | 26,979,658 | 26,979,658 |
| Capital stock | 26,979,658 | 26,979,658 |
| Own shares | (46,508) | |
| Own shares | (46,508) | |
| Premium reserve | 18,081,738 | 18,081,738 |
| Share premium | 18,081,738 | 18,081,738 |
| Revaluation reserve | 2,907,138 | 2,907,138 |
| Revaluation reserve | 2,907,138 | 2,907,138 |
| Other reserves | 10,998,820 | 7,478,094 |
| Legal reserve | 3,021,831 | 621,831 |
| Other reserves | 7,976,989 | 6,856,263 |
| Own shares | | |
| Profits/Losses for previous periods | 6,405,325 | 6,243,417 |
| Profits/losses brought forward | 6,405,325 | 6,243,417 |
| Profit/Loss for the period | 3,206,289 | 4,929,299 |
| TOTAL NET WORTH | 68,532,460 | 66,619,344 |
| Minority interest | 1,291,854 | 829,160 |
| TOTAL GROUP NET WORTH | 67,240,606 | 65,790,184 |

| | 31.12.2011 | 31.12.2010 |
|--|-------------------|-------------------|
| NON-CURRENT LIABILITIES | | |
| Payables to non-current banks | 13,774,738 | 23,031,905 |
| Payables to non-current banks | 13,774,738 | 23,031,905 |
| Other financial liabilities | 3,215,077 | 2,710,020 |
| Payables to other financiers | 516,608 | 650,282 |
| Payables to parent companies | 478,368 | |
| | 1,957,996 | 1,957,996 |
| Payables for tax and social security beyond the period | 262,105 | 101,742 |
| Provision for risks and charges | 1,521,892 | 2,183,592 |
| Other provisions | 1,521,892 | 2,183,592 |
| Staff-related funds | 8,632,353 | 7,743,743 |
| Severance pay | 8,632,353 | 7,743,743 |
| Deferred tax liabilities | 1,314,573 | 1,332,934 |
| Deferred tax funds | 1,314,573 | 1,332,934 |
| TOTAL NON-CURRENT LIABILITIES | 28,458,633 | 37,002,194 |

| | 31.12.2011 | 31.12.2010 |
|--|--------------------|--------------------|
| CURRENT LIABILITIES | | |
| Payables to current banks | 38,053,114 | 24,002,467 |
| Payables to current quota banks | 38,053,114 | 24,002,467 |
| Payables to suppliers | 19,570,296 | 11,382,040 |
| Payables to suppliers | 19,570,296 | 11,382,040 |
| Advances on work in progress to order | 4,662,209 | 5,381,166 |
| Payments on account | 4,662,209 | 5,381,166 |
| Other financial liabilities | 10,634,234 | 7,053,562 |
| Payables to associated companies | 9,941 | 18,079 |
| Other accounts payable | 10,624,293 | 7,035,483 |
| Tax debits | 7,686,919 | 8,801,872 |
| Tax debits | 7,686,919 | 8,801,872 |
| Other current liabilities | 20,299,912 | 14,137,414 |
| Payables to welfare and social security institutions | 4,488,200 | 3,337,532 |
| Other payables | 15,811,712 | 10,799,882 |
| TOTAL CURRENT LIABILITIES | 100,906,684 | 70,758,521 |
| TOTAL LIABILITIES | 197,897,777 | 174,380,060 |

Consolidated Income Statement



| | 31.12.2011 | 31.12.2010 |
|---|--------------------|--------------------|
| Revenues | 106,821,525 | 85,278,639 |
| Proceeds of sales and services | 106,821,525 | 85,278,639 |
| Other revenues | 3,017,377 | 2,146,750 |
| Other proceeds | 1,985,185 | 1,559,632 |
| Invest. grants trf to P&L account | 1,032,192 | 587,118 |
| Variation in stock of finished products and products being processed | 10,792,717 | 12,620,499 |
| Var. stock of products being processed, semi-finished items | (48,474) | (43,509) |
| Variation in work in progress to order | 9,003,687 | 11,427,049 |
| Increase in assets for internal work | 1,837,504 | 1,236,959 |
| TOTAL PRODUCTION REVENUES | 120,631,619 | 100,045,888 |
| Raw materials and consumables used | 6,736,024 | 8,263,281 |
| Costs of raw, subsid. & consumable mat. and goods | 6,736,024 | 8,263,281 |
| Costs connected with employee-related benefits | 70,249,449 | 54,758,498 |
| Salaries and wages | 52,435,426 | 40,546,908 |
| Social charges | 13,973,412 | 10,672,275 |
| Severance Pay | 2,852,463 | 2,805,969 |
| Other staff costs | 988,148 | 733,346 |
| Other costs | 29,772,264 | 21,771,664 |
| Other costs for services | 24,478,703 | 17,350,622 |
| Costs for leased assets | 3,643,538 | 2,290,743 |
| Sundry management charges | 1,435,631 | 968,489 |
| Stock and payments on account | 214,392 | 1,161,810 |
| TOTAL PRODUCTION COSTS | 106,757,737 | 84,793,443 |
| DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES | 13,873,882 | 15,252,445 |

| | 31.12.2011 | 31.12.2010 |
|--|-------------------|-------------------|
| Depreciation and devaluation | 2,987,773 | 3,375,020 |
| Ordinary amortisement of intangible assets | 1,785,540 | 1,700,960 |
| Ordinary amortisement of tangible assets | 875,276 | 892,612 |
| Altre svalutazioni delle immobilizzazioni | 158,294 | 301,345 |
| Devaluation of credits included in working capital | 168,663 | 480,103 |
| OPERATIVE RESULT | 10,886,109 | 11,877,425 |
| Proceeds and financial charges | 2,204,166 | 1,918,700 |
| Proceeds from parents companies | (16,970) | (13,491) |
| Proceeds from others shareholdings | (669) | (951) |
| Other proceeds with separate indication | (320,805) | (33,052) |
| Interest and other financial charges | 2,569,749 | 1,994,217 |
| Profit and loss on foreign exchange | (27,139) | (28,023) |
| PRE-TAX RESULT | 8,681,943 | 9,958,725 |
| Income tax | 5,475,654 | 5,029,426 |
| IRES | 2,336,943 | 2,599,699 |
| IRAP | 2,615,437 | 2,434,051 |
| Deferred taxes | 49,646 | 18,445 |
| Tax paid in advance | 473,628 | (22,769) |
| PROFIT OR LOSS FOR THE PERIOD | 3,206,289 | 4,929,299 |
| Attributable to: | | |
| Shareholders of parent company | 3,393,473 | 4,930,094 |
| Minority shareholder | (187,184) | (795) |
| <i>Basic profit per share</i> | 0.0654 | 0.1003 |
| <i>Diluted profit per share</i> | 0.0654 | 0.1030 |

Comprehensive Income Statement (*) for Financial Years at 31 December 2011 and 31 December 2010

| Description | 31/12/2011 | 31/12/2010 |
|--|------------------|------------------|
| Profit for the period | 3,206,289 | 4,929,299 |
| Net income (loss) from the change in costs for stock option exercise | | (13,460) |
| Net income (loss) from sale of own shares | | 117,247 |
| | 0 | - |
| <i>Net income / (expense) for the period recognized in equity</i> | <i>-</i> | <i>103,787</i> |
| Total comprehensive income | 3,206,289 | 5,033,086 |
| attributable to: | | |
| Group | 3,393,473 | 5,033,881 |
| Minority interest | (187,184) | (795) |

(*) It should be noted that accounting standard IAS 1, paragraph 81, in force since 1 January 2009, prescribes that the Comprehensive Income Statement should be presented as one of the following:

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

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

Statement of Changes in Consolidated Net Equity as at 31 December 2009, at 31 December 2010 and at 31 December 2011

| 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 |
|--|-------------------|-----------------|--------------------|-------------------|------------------|----------------------------------|------------------------------|--------------------|--------------------|-------------------|-----------------------|
| 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) | | | - | |
| Destination of the period result | | | | 4,546,860 | | (4,546,860) | | | | - | |
| 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 |
| Reclassification previous year's profit to previous year's profit | | | | | | 4,929,299 | (4,929,299) | | | - | |
| Destination of the period result | | | | 5,308,350 | | (5,308,350) | | | | - | |
| Dividend distribution | | | | (2,075,358) | | | | | | (2,075,358) | |
| Stock Option | | | | 297,742 | | | | | | 297,742 | |
| Purchase of own shares | | (46,508) | | (10,007) | | | | | | (56,515) | |
| Changes in consolidated companies | | | | | | 540,959 | | | | 540,959 | |
| Profit (loss) of the period | | | | | | | 3,206,289 | 462,694 | 3,206,289 | 3,206,289 | |
| Net income / (expense) for the period recognized in equity | | | | - | | | | | - | - | |
| Balance at 31/12/2011 | 26,979,658 | (46,508) | 18,081,738 | 10,998,820 | 2,907,138 | 6,405,325 | 3,206,289 | 1,291,854 | 3,206,289 | 68,532,460 | 67,240,606 |

Consolidated Cash Flow Statement

| | 31.12.2011 | 31.12.2010 |
|---|--------------------|--------------------|
| Operating activities: | | |
| - Profit (loss) | 3,206,289 | 4,929,299 |
| - Amortisation, depletion and depreciation of assets | 2,660,816 | 2,593,572 |
| - Provision for Severance Pay Fund | 2,852,463 | 2,805,969 |
| - Advances/Payments Severance Pay | (1,963,853) | (2,502,639) |
| - Adjustment of value of financial assets | | |
| Cash flow arising from operating activities | 6,755,715 | 7,826,201 |
| Increase/Decrease in net working capital: | | |
| - Variation in stock and payments on account | (8,998,723) | (8,536,746) |
| - Variation in receivables to customers | (6,146,908) | (1,568,820) |
| - Variation in receivables to | (3,990) | 302,083 |
| - Variation in other accounts receivable | (3,201,938) | (825,274) |
| - Variation in payables to suppliers | 8,054,582 | (2,497,530) |
| - Variation in payables to parent/subsidiary/associated company | (8,138) | (59,372) |
| - Variation in tax and social security liabilities | 196,078 | 2,061,245 |
| - Variation in other accounts payable | 8,360,051 | 7,339,352 |
| - Variation in risk funds reserve | (680,061) | 534,280 |
| Cash flow arising (used) from current assets and liabilities | (2,429,047) | (3,250,782) |
| Cash flow arising (used) from current activities | 4,326,668 | 4,575,419 |
| Investment activities: | | |
| - Variation in tangible assets | (1,143,825) | (1,262,711) |
| - Variation in intangible assets | (6,487,364) | (3,591,123) |
| - Variation in financial assets | 1,343 | (249,528) |
| Cash flow arising (used) from investment activities | (7,629,846) | (5,103,362) |
| Financial activities: | | |
| - Capital increase | | 610,740 |
| - Variation in other reserves | (1,293,173) | (581,910) |
| Cash flow arising (used) from financial activities | (1,293,173) | 28,830 |
| Increase (decrease) in cash | (4,596,352) | (499,113) |
| Banks and cash profits at start of year | 7,276,753 | 5,988,680 |
| Banks and cash losses at start of year | (47,034,372) | (45,247,186) |
| Banks and cash profits at end of period | 7,473,881 | 7,276,753 |
| Banks and cash losses at end of period | (51,827,852) | (47,034,372) |
| Increase (decrease) in liquidity | (4,596,352) | (499,113) |

EXPLANATORY NOTES TO EXPRIVIA GROUP FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

REFERENCES TO REGULATIONS





DECLARATION OF COMPLIANCE WITH IFRS

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 Parent Company Exprivia S.p.A. as at 31 December 2011, were drawn up in compliance with International Accounting Standards approved 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 consolidation were prepared in compliance with IAS/IFRS standards.

In compliance with IFRS Principle 1, we hereby declare that when preparing the consolidated financial statements for Exprivia Group, the year-end financial statements for the Parent Company Exprivia S.p.A., and the year-end financial statements for all the subsidiaries included in the scope of consolidation, we applied all IAS/IFRS standards in force at the date of this annual report.

It should also be pointed out that the schedules used for the Consolidated Financial Statements and the year-end financial statements of Exprivia S.p.A. are the following:

-  For the Balance Sheet: the schedule distinguishing current and non-current assets/liabilities
-  For the Income Statement: type-based
-  For the statement of changes in net equity: statement listing changes
-  For the Cash Flow Statement: indirect method

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE BY THE GROUP

IAS 1 REVISED – PRESENTATION OF FINANCIAL STATEMENTS

The revised version of IAS 1 – Presentation of financial statements, no longer permits the presentation of income components such as income and expenses (defined as ‘changes arising from transactions with non-owners’) in the statement of changes in net equity. Instead, it requires a separate indication with respect to changes arising from transactions with owners. According to the revised version of IAS 1, all changes arising from transactions with non-owners should be indicated in a single separate statement which shows the trend for the period (statement of comprehensive income) or two separate statements (income statement and statement of comprehensive income). These changes are to be indicated in the statement of changes in equity as well.

The group applied the revised version of the standard starting on 1 January 2009 in a retrospective manner, choosing to indicate all changes arising from transactions with non-owners in two schedules measuring the trend for the period, respectively entitled ‘Consolidated Income Statement’ and ‘Statement of Profit and Loss in Net Equity for 2010 and 2011’. Therefore, the Group amended the statement of changes in net equity.

AMENDMENT TO IFRS 2 – VESTING CONDITIONS AND CANCELLATIONS

The amendment to IFRS 2 – *Vesting Conditions and Cancellations* establishes that only service and performance conditions can be considered as vesting conditions for the purpose of assessing share-based

payment. Any other clauses should be considered as non-vesting conditions and taken into account when measuring the fair value at the date the plan is granted. The amendment also specifies that if the plan is cancelled the same accounting treatment is applied irrespective of whether the cancellation is made by the company or by the counterparty.

No effects on group accounting have arisen from its application as the stock option plans ended in 2011.

IFRS 3 (2008) – BUSINESS COMBINATIONS

The updated version of IFRS 3 introduced important changes. These mainly concern: business combinations achieved in stages (step acquisition); the ability to measure at fair value any non-controlling interest acquired in a partial acquisition; allocation to the income statement of all costs related to the business combination, and recognition on the date of acquiring liabilities for contingent payments.

Step Acquisition

In the case of a step acquisition of a subsidiary, IFRS 3 (2008) states that a business combination takes place only when control is acquired and that, at this time, all the identifiable net assets of the acquired company are measured at fair value; non-controlling interests are valued based on their fair value or on the proportional share of the fair value of identifiable net assets of the acquired company (method already permitted by the previous version of IFRS 3).

In a step acquisition for control of an acquiree in which an equity interest was held, the investment previously held, until then accounted for according to IAS 39 – *Financial Instruments: Recognition and Measurement*, or according to IAS 28 – *Investments in Associates* or according to IAS 31 – *Interests in Joint Ventures* is treated as if it had been sold and repurchased as at the date when control is acquired. This investment is therefore measured at its fair value as at the acquisition date and the gain or loss resulting from this evaluation is recognised in the income statement. Additionally, any amounts recognised under net equity as Other Comprehensive Income or Loss, which should be recognised in the income statement following the sale of the asset it refers to, should be reclassified in the income statement. The goodwill or gain from the acquisition of a controlling interest in the acquiree is determined as the sum of the price paid to acquire control, the amount of any non-controlling interest (measured in accordance with the standard), the fair value of the previously held equity interest, net of the fair value of the identifiable assets acquired.

According to the previous version of the standard, a business combination achieved in stages was recognised transaction by transaction as a series of separate acquisitions generating comprehensive goodwill determined as the sum of goodwill generated by each transaction.

This change in the accounting standard had no effect on the company's consolidated financial statements.

Acquisition Related Costs

IFRS 3 (2008) provides that acquisition-related costs should be accounted for in the income statement as expenses in the periods in which the costs are incurred. According to the previous version of the standard such costs were included in the calculation of costs for the acquisition of the acquiree's net assets. In relation to the acquisition of Realtech S.p.A., SiSpa Srl and Exprivia Do Basil in 2011, the application of this change resulted in recording costs in the income statement for a total of Euro 33,733.

Recognising contingent payments

IFRS 3 provides that contingent payments should be considered as part of the transfer price for acquired assets and that they should be measured at fair value at the date of acquisition. Similarly, if the acquisition agreement provides for the right to return certain price components under certain conditions this right is classified as an acquirer's asset. Any subsequent changes in fair value should be recognised as an adjustment of the original accounting treatment only if they arise from additional or improved information on such fair value and if they occur within 12 months after the date of acquisition; all other changes are recognised in the income statement. The previous version of the standard provided that contingent payments should be recognised at the date of acquisition only if their payment was deemed probable and their amount could be determined reliably. Any subsequent change in the value of such payments was always recognised as an adjustment of goodwill. In 2011, application of this change affected the group's financial position for a

total of Euro 784,705, Euro 450,000 of which for the acquisition of 51% of Realtech S.p.A., Euro 84,705 for the acquisition of 100% of SiSpa Srl and Euro 250,000 for the acquisition of 99.85% of Exprivia Do Basil.

IMPROVEMENT TO IAS 20 – ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

The Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance provides that benefit of a government loan at a below-market rate of interest is treated as a government grant and so it should be recognised and measured in accordance with IAS 20. The previous version of IAS 20 provided that in the case of loans at a below-market rate of interest received as government assistance the entity need not show any benefit. Now these loans should be carried at fair value when they are provided and an entry for “deferred income” should be made against grants to be received for an amount equal to the difference between the fair value of the loan and the amount received. When, and only when, all conditions are met to recognise the grant, the amount shall be recognised in profit or loss on a systematic basis to relate it to the costs the grant is intended to compensate.

The application of this standard had no significant effects on the group.

IAS 27 (2008) – CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Changes to IAS 27 mainly concern accounting for transactions or events that change the level of ownership interest in a subsidiary and attributing subsidiary losses to non-controlling interests. IAS 27 (2008) provides that once control of a company has been obtained, transactions in which the Parent Company acquires or disposes of additional minority shares without resulting in a loss of control over the subsidiary are accounted for as equity transactions, and so transactions with owners. In such cases the carrying amount of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received for the transaction shall be recognised directly in equity and attributed to the owners of the parent. In addition, the costs related to these transactions are accounted for under equity in accordance with IAS 32 (paragraph 35).

IMPROVEMENT TO IAS 28 – INVESTMENTS IN ASSOCIATES


The Improvement to IAS 28 – *Investments in Associates* provides that in the case of investments accounted for using the equity method any loss of value should not be allocated to individual assets (particularly any goodwill) that make up the value of the investment, but to the value of the investment as a whole. Thus, in the presence of conditions for a subsequent reversal of impairment loss, the reversal should be recognised in full.









IFRS 8 OPERATING SEGMENTS

In November 2006 the IASB issued IFRS 8 to replace IAS 14 Segment Reporting starting from the financial years that begin on 1 January 2009. The new accounting standard requires the company to base the information disclosed in segment reporting on elements management uses to make its operational decisions. Therefore, it requires the identification of operating segments on the basis of internal reporting evaluated regularly by management in order to allocate resources to the various segments and to assess performance.

The application of this standard had no effect on the Group as the information was already based on these assumptions.

The following amendments, improvements and interpretations, in effect since 1 January 2010, apply only to cases and instances outside the group as at the date of this report, but they may affect future transactions or agreements:

 Improvement to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

-  Amendments to IAS 28 – Investments in Associates.
-  Amendments to IAS 31 – Interests in Joint Ventures, resulting from changes made to IAS 27.
-  Amendment to IFRS 2 – Share-based Payment: payments based on group shares settled in cash.
-  IFRIC 17 – Distributions of Non-cash Assets to Owners.
-  IFRIC 18 – Transfers 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 accounting for the issue of rights (rights, options or warrants) in currencies other than the functional currency of the issuer.
-  Revised version of IAS 24 – Related Party Disclosures, which simplifies the type of information required in the case of transactions with related parties controlled by the state and clarifies the definition of related parties. The standard came into effect on 1 January 2011.

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 sale.

Subsidiaries are companies controlled by the Parent Company. Control is held when more than half the effective or potentially exercisable voting rights in the shareholders' meeting are directly or indirectly held. Associates are companies in which the Parent Company exercises significant influence. This influence is held when 20% or more of the effective or potentially exercisable voting rights are held.

Associates are 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 and deconsolidated from the date control is lost or when there are decisions, events and evidence relating to the future assignment of the interests that changes its status, causing it to become interests held for disposal/sale.

The acquisition of subsidiaries is accounted for according to 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 carried under assets as goodwill in the case 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.

The line-by-line method is used to consolidate subsidiaries, i.e. assuming the entire amount of assets and liabilities and all costs and revenues regardless of the actual percentage of interests. The book value of consolidated investments is therefore eliminated against the net equity. The transactions, balances and profit and loss not realised on intercompany transactions are eliminated. The amounts of net equity and the accrued results of minority interests are shown in a specific entry under net equity and on a separate line of the consolidated Income Statement.

After the acquisition, investments in associated companies are recognised using the net equity method while showing the Group's share of the result in the income statement and movements of reserves under net equity. Profit and loss not realised on intercompany transactions are eliminated in the amount of the interest. When the Group's portion of losses in an associated company is equal to or higher than the value of the interest, the group does not recognise further losses unless it has obligations to cover 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 and that fall within the scope of consolidation are converted using the exchange rate 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 equity until disposal of the investment. In preparing the consolidated financial statements we used the average exchange rates to convert foreign subsidiary cash flows.

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 primary exchange rates used for conversion into Euro of the financial statements of foreign companies for 2011 were as follows:

| Exchange rate | EUR to GTQ | EUR to MXN | EUR to PEN | EUR to REAL |
|---------------|------------|------------|------------|-------------|
| 31/12/2011 | 10.10669 | 18.07682 | 3.48892 | 2.4342 |
| 2011 Average | 10.84369 | 17.29289 | 3.83478 | (*)2.4215 |

(*) average November/December 2011

INVESTMENTS IN OTHER COMPANIES





Investments 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 profit/(loss) until they are sold or are impaired; at that time, the Other comprehensive profit/(loss) previously recognised under net equity are recognised in the income statement of the period. Investments in other companies for which the fair value is unavailable are carried at cost, less any impairment.

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

BUSINESS COMBINATIONS

Business combinations are recognised using the 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. Acquisition-related costs for the transaction are generally recognised in the income statement when incurred.

On the date of acquisition the identifiable assets acquired and liabilities assumed are recorded at acquisition-date fair value. The following items are exceptions, which are valued according to their specific standard:

-  Deferred tax assets and liabilities;
-  Assets and liabilities for employee benefits;
-  Liabilities or equity instruments related to payments based on acquiree shares or payments based on shares pertaining to the Group issued to replace acquiree contracts;
-  Assets held for sale and discontinued operations.

Goodwill is determined as the difference between the sum of the amounts transferred in the business combination, the value of net equity attributable to minority interests and the fair value of any investments 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 equity attributable to minority interests and the fair value of any investments retained in the acquiree then the surplus is recognised immediately in the income statement as a proceed arising from the transaction.

The share of net equity pertaining to minority interests at the acquisition date can be measured at fair value or at the pro-rata value of net assets recognised for the acquiree. The method of assessment is chosen transaction by transaction.

Contingent payments provided for by the acquisition agreement are measured at acquisition-date fair value, and they are included in the value of payments made in the business combination to determine goodwill. Any subsequent changes to such fair value, which are classified as adjustments arising in the reporting period, are retrospectively included in goodwill. Changes in fair value classified as adjustments arising in the measurement period are those that derive from additional information on events and circumstances that existed at the date of acquisition and were obtained during the measurement period (which does not exceed a period of one year from the business combination).

If the initial values of a business combination are incomplete at the end of the financial year when the acquisition took place then the Group reports the provisional values in its consolidated financial statements. These provisional values are adjusted in the measurement period to take into account any new information obtained on 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 recognised according to the previous version of IFRS 3.

VALUATION POLICIES

The accounting standards adopted for drawing up the consolidated financial statements are the same as those adopted for drawing up the consolidated financial statements of the Group for the financial year which closed as at 31 December 2010, with the exception of adjustments made to comply with amendments/updates to international accounting standards.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recognised at the cost of acquisition or production. 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 is deferred beyond the normal terms 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 to form 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 as research. Financial charges incurred for the acquisition are never capitalised.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

Goodwill and other assets with indefinite useful life arising from acquisition or merger operations recognised on the basis of the acquisition method according to IFRS 3, as described in the section on business combinations, are not amortised but are subject to an impairment test at least once a year if there are no conditions to identify a finite useful life. To this end these values are allocated to one or more cash generating units starting on the acquisition date or by the end of the subsequent financial year. Any impairment emerging from the impairment tests is reversed in subsequent periods.

OTHER INTANGIBLE FIXED ASSETS

Other intangible assets, which include development costs, patent rights and use of intellectual property, concessions, licenses, trademarks and similar rights and software, are recognised as assets only if all the conditions laid down in IAS 38 are met (cost can be measured reliably, technical feasibility of product, expected volume and price indicate that the costs incurred during development will generate future economic benefit) and valued at cost minus accumulated amortisation, determined on a straight-line basis over the period of expected use, on average, except for specific cases of 3-5 years, and any impairment. The amortisation criteria used, the useful live and residual value are reviewed and redefined at least at the end of each accounting period to take into account any significant changes.

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 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 incurred for the acquisition or production of the asset are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of leased assets is done only in so far as they satisfy the requirements for being classified as an asset or part of an asset.

After initial recognition tangible assets, with the exception of buildings, are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a tangible asset, with a different useful life, is amortised by the straight-line method over the expected period of use. 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 (with the exception of certain significant cases):

| | |
|--|------------------------|
| Land | indefinite useful life |
| Buildings | 33 years |
| Plant and Machinery | 4 – 7 years |
| Office Furnishings and Electronic Equipment | 5 – 8 years |
| Equipment and 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 carried at a value periodically reassessed at market value less depreciation and impairment (fair value model). As set forth by IAS 16, the company measures fair value on a yearly basis and then remeasures it only when there is a significant difference with respect to the book value. Values are measured by an expert.

Costs that can be capitalised for improvements to leased assets are attributed to the classes of fixed assets to which they refer and depreciated for the shorter time between the remaining period on the lease agreement and the remaining useful life of the asset to which the improvement was made.

If the fair value model is used to recognise tangible assets, revaluations are made with reference to the current value. Normally, the fair value is the market value of the asset, and it consists of the amount for which the property in question can be sold to third parties.

The book value of tangible assets is maintained in the financial statements to the extent that such value can be recovered through use. If significant factors are noticed, which include the likelihood of recovering the net carrying amount, an impairment test is performed to determine any loss of value (see next paragraph). A reversal is applied if the conditions at the basis of the impairment no longer apply.

LEASED ASSETS

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 estimated useful life.

Amounts owed to the lessor are included in the financial statements under payables to suppliers, distinguishing the current portion from the non-current portion.

GOVERNMENT GRANTS

Regardless of whether there is a formal resolution assigning grants, they are recognised if there is a reasonable certainty that the company will respect the conditions set out for the grant and that it will be received.

A government grant collected as compensation for expenses and costs already incurred or with the aim of giving immediate financial assistance to the entity without having future related costs, is recognised as a proceed in the accounting period in which it becomes collectable.

IMPAIRMENT OF ASSETS





Impairment occurs every time the book value of an asset is greater than its recoverable value. The existence of any indicators suggesting impairment is checked at every balance sheet date. If those indicators are found the recoverable value of the asset is estimated (impairment test) and a write-down is recognised where necessary. Regardless of the existence of the indicators, an impairment test is carried out at least once a year for the assets recognised during the financial year 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 cash flow from continued use notably independent of the incoming cash flows generated by other assets or groups of assets, in which case the test is carried out for the smallest unit generating independent flows which include the asset in question (Cash Generating Unit).

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into the following categories:

-  Financial assets at fair value offset in the Income Statement: financial assets mainly acquired with the intention of making a profit from short-term price fluctuations (a period not longer than three months) or designated as such from the start;
-  Financial assets held to maturity: investments in financial assets with preset maturity and 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 payments that are fixed or can be decided, not listed on an active market and different from those originally classified as financial assets at fair value and offset in the income statement or as financial assets available for sale;
-  Financial assets available for sale: financial assets other than those in the above categories or those designated as such from the start.

The Group classifies financial assets at the date of acquisition and accounts for them at fair value at the date of acquisition.

After initial recognition, the financial assets at fair value offset in the income statement and assets available for sale (where there is no “active” market) are measured at fair value, financial assets held to maturity and as well as loans and other financial receivables are valued at amortised cost.

Profit and loss arising from changes in the fair value of financial assets at fair value offset in the income statement is recognised in the income statement of financial year in which they occur. Unrealised profit and loss arising from changes in the fair value of assets classified as available for sale are carried under net equity.

The fair value of financial assets is determined on the basis of their market prices or by using financial models. The fair value of unlisted financial assets is measured using special assessment techniques adapted to the specific context of the Company. Financial assets for which the current value cannot be determined in a reliable manner are accounted for at a lower cost due to impairment.

The existence of any impairment indicators is checked at each balance sheet date. Write-downs in the income statement and under net equity reflect the valuation policies for financial assets. The impairment previously accounted for is eliminated whenever the circumstances leading to the write-down no longer apply, with the exception of assets valued at cost.

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

INVENTORIES

Inventories are recognised at the lesser value between the purchase price, determined in accordance with the average weighted cost, and the net sales price. The cost is the fair value of the price paid and any other cost directly attributable with the exception of financial charges. The net sales value is the estimated sales price net of costs for completion and sales. Any write-downs are eliminated in subsequent financial years if the reasons for the write-down no longer apply.

CONTRACT WORK IN PROGRESS

Contract work in progress lasting more than one year is recorded using the percentage of completion method. The percentage of completion is determined with reference to the proportion of contract costs incurred for work performed up to the end of the reporting period and the total cost estimated by completion. Such work can be measured including any advance payments (therefore accountable separately under liabilities), or net of any advance payments (therefore accounted for only under assets), and valued at cost, consisting of direct charges, excluding payable interest and general expenses, minus any write-downs taking into account estimated losses on completion of the work and any other risks.

CASH AT BANK AND ON HAND

Cash at bank and on hand consists of short-term investments (generally not exceeding three months), easily convertible into amounts of cash and subject to an insignificant risk of changes in value. They are carried at fair value.

For the purpose of the cash flow statement, liquid assets are made up of cash, demand deposits at banks, short-term, highly liquid financial assets (original maturity not exceeding three months), and overdraft facilities. Current account overdrafts are carried under current financial liabilities.

NET EQUITY

SHARE CAPITAL

This item consists of capital subscribed and paid up. Costs strictly related to the issue of shares are classified in reduction of the net equity in other reserves provided these are variable marginal costs directly attributable to the capital transaction and unavoidable otherwise.

OWN SHARES

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

SHARE PREMIUM RESERVE

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

REVALUATION RESERVE

This item includes changes in the fair value (before tax) of items carried at fair value and offset in net equity.

OTHER RESERVES

These items consist of capital provisions for specific use by the Parent Company.

RETAINED EARNINGS (LOSS)

This item includes the profit or loss from previous reporting periods for the amount not distributed or set aside in provisions (in the case of profit) or covered (in the case of loss), transfers from other provisions when freed from the restrictions, and also the effects of accounting for changes in accounting standards and significant errors.

COMPREHENSIVE PROFIT

Following the application of IAS 1 (revised), paragraphs 81-105, the item 'comprehensive profit' shows the comprehensive result of proceeds and expenses recognised under net equity.

EMPLOYEE BENEFITS

SHORT-TERM BENEFITS

Short-term benefits for employees are accounted for in the income statement in the period in which the work was performed.

DEFINED BENEFIT PLANS

The Group grants its employees benefits under the Employee Severance Indemnity Fund (TFR). These benefits fall within the definition of: defined benefit plans, the existence and amount of which are determined but their maturity date is uncertain. The liability is determined as the current value of the obligation under the laws in force, defined as at the balance sheet date and adjusted to take into account actuarial (gain) loss. The total amount of the obligation is calculated on a yearly basis by an external actuary using the Projected Unit Credit Method. Actuarial gains and losses are fully accounted for in the related financial year without applying the so-called "corridor method".

DEFINED CONTRIBUTION PLANS

The Group takes part in public or private pension plans with defined contributions on a mandatory, contractual or voluntary basis. Payment of the contributions fulfils the Group's obligation towards its employees. Thus, such contributions form an expense for the period in which they are due.

STOCK OPTIONS

Share-based payments are measured at fair value on the date they are assigned. This value is charged to the income statement and offset under net equity over the entire period in which the entitlement accrues. The fair value of the options, calculated on the date of assignment, is measured by using financial mathematical models and taking into consideration the basic terms and conditions under which the entitlement is assigned.

POTENTIAL ASSETS AND LIABILITIES

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

Whenever there is any financial disbursement relating to the obligation, and it occurs after the normal payment terms and the effect of discounting back is significant, the amount set aside corresponds to the current value of future payments expected to cancel the obligation.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are probable liabilities of an uncertain amount and/or due date deriving from past events whose fulfilment will entail 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, provided a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the expense to fulfil the obligation as at the balance sheet date. Provisions set aside are reviewed at every balance sheet date and adjusted to ensure they are the best current estimate.

DERIVATIVE INSTRUMENTS

Derivative contracts were recognised according to the designation the derivative instruments (speculative or hedging) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For contracts designated as speculative, any changes in fair value are directly recognised in the income statement.

In hedging contracts Fair Value Hedge is accounted for by recognising any changes in the fair value of the hedging instrument and the instrument hedged.

If it is identified as Cash Flow Hedge, it is accounted for by floating the fair value portion of change of the hedging instrument, which is recognised as effective cover in the net equity, and charging the ineffective portion to the Income statement. The changes recognised directly under net equity are released in the income statement in the same reporting period or periods in which the asset or liability hedged influences the income statement.

ASSET TRANSFERS

The Group can assign its own trade receivables through factoring. However, if the receivables assigned through factoring do not meet the requirements for elimination set forth in IAS 39, they are carried in the financial statements of the Group although they have been legally assigned. The amount is offset as a payable to the factor and therefore it is not considered when calculating Net Financial Position.

REVENUE AND EXPENSES

Revenues arising from the assignment of assets are recognised when risk is transferred, which usually occurs on despatch, at the fair value of payment received or due while taking into account any discounts.

Revenues arising from the provision of services are defined according to the percentage of completion, determined as the proportion of services performed at the date of reference and the total value of the services remaining to be performed.

Expenses are recognised with the same criteria used to recognise revenue recognition and, in any case, on an accruals basis.

Interest receivable/payable is recognised on an accruals basis while taking into account remaining liabilities in capital and the effective rate applicable in the period until maturity.

Dividends are accounted for in the reporting period in which distribution is resolved.

TAXES

Taxes during the reporting period are defined on the basis of amounts expected to be due according to the tax laws in force.

In addition, deferred taxes and those paid in advance are recognised on the temporary differences between the values carried in the financial statements and the corresponding values recognised for tax purposes, and showing accumulated tax losses or unused tax credits, provided 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 any tax effect. The tax effects of transactions or other events are recognised in the income statement or directly under net equity using the same methods used to recognise transactions or events that result in taxation.

EARNINGS PER SHARE

Earnings per share is calculated by dividing 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 purpose of calculating basic earnings per share, the economic result for the period minus the amount attributable to minority interests 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 earnings per share is equal to the earnings per share adjusted to take into account the theoretical conversion of all potential shares.

FOREIGN CURRENCY

Transactions in foreign currency are converted into the reporting currency at the rate of exchange on the date of the transaction. Gains and losses on exchanges arising from liquidation related to these transactions and the conversion of monetary assets and liabilities into foreign currency are recognised in the income statement.

SCOPE OF CONSOLIDATION

The annual consolidated financial statements as at 31 December 2011 include the equity, economic and financial situations of the Parent Company Exprivia S.p.A. and subsidiaries.

The table below shows the companies under consolidation:

| Company | Area |
|---------------------------|---|
| Datilog S.r.l. | Industry & Media |
| Exprivia Projects S.p.A. | Industry & Media/Public Administration, Transport & Utilities |
| Exprivia Do Brasil | Spain and Central America |
| 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 |
| Realtech S.p.A. | Industry & Media / CAP, Transportation & Utilities / Banking Finance and Insurance / Oil Gas Telecomunicazioni / Health and Local |
| SiSpa Srl | Banks Finance and Insurance |
| 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 table below provides the main data on the aforementioned subsidiaries consolidated using the line-by-line method.

| Company | H.O. | Company capital | Results for period | Net worth | Value of production | Total Assets | % of holding |
|---------------------------------|---|-----------------|--------------------|-----------|---------------------|--------------|--------------|
| Datilog Srl | Cinisello Balsamo (MI) | 10,400 | (56,591) | (9,264) | 1,011,418 | 547,392 | 52.00% |
| Expriva SL | Madrid (Spagna) | 8,250 | 140,711 | 422,817 | 2,134,335 | 1,061,022 | 60.00% |
| Expriva Do Brasil Servicos Ltda | Rio de Janeiro (Brasile) | 62,347 | 25,064 | 427,795 | 257,292 | 606,498 | 99.85% |
| Expriva Projects S.p.A. | Roma | 242,000 | 125,575 | 323,576 | 4,772,466 | 3,468,043 | 100.00% |
| Expriva Solutions S.p.A. | Roma | 170,795 | 687,495 | 1,467,058 | 8,704,499 | 8,198,172 | 100.00% |
| GST S.r.l. | Trento | 27,500 | (105,375) | 369,591 | 1,820,548 | 2,038,595 | 100.00% |
| Infaber S.r.l. | Molfetta (BA) | 110,000 | 189,987 | 506,670 | 1,434,192 | 871,942 | 60.00% |
| Gruppo ProSap | Madrid (Spagna)/Città del Messico/Città del Guatemala | 6,384 | (537,273) | 192,903 | 6,329,541 | 3,491,992 | 51.12% |
| Realtech S.p.A. | Agrate Brianza (MB) | 1,520,000 | (118,726) | 1,501,321 | 8,052,291 | 6,453,528 | 51.00% |
| SiSpa Srl | Milano | 580,000 | 668,458 | 2,601,278 | 3,796,637 | 3,910,021 | 100.00% |
| Spegea S.c.a.r.l. | Bari | 125,000 | 72,642 | 234,815 | 1,705,527 | 2,666,659 | 60.00% |
| Svmservice S.p.A. | Molfetta (BA) | 1,548,000 | 4,000,236 | 6,193,331 | 22,728,255 | 26,447,084 | 100.00% |
| Wel.Network S.p.A. | Piacenza | 1,500,000 | 110,333 | 1,023,568 | 11,648,434 | 10,722,700 | 100.00% |

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

The scope of consolidation changed with respect to 31 December 2010 as a result of the acquisition of interests in **Realtech S.p.A.**, **SiSpa Srl** and **Expriva Do Brasil Serviços de Informatica Ltda**, as described under the section **“Significant Events.”**

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

Details are provided below on the entries making up the assets and liabilities in the Consolidated Balance Sheet, which is drawn up in accordance with international accounting standards (IAS/IFRS).

For the purpose of comparison with the previous financial year, it should be noted that the data for 2011 includes amounts pertaining to newly acquired companies (acquired in 2011) as already described in the Directors' Report under the section "**Significant Group data**".

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

NON-CURRENT ASSETS

PROPERTY, PLANT AND MACHINERY

The item "**property, plant and machinery**" amounted to Euro 10,871,998 compared to Euro 10,603,449 as at 31 December 2010.

| Categories | Historical cost 01/01/11 | Inc. per new area of consolid. | Inc. | Dec. | Historical cost at 31/12/11 | Reserve prov. at 01/01/11 | Reserve prov. new consolid. | Provision for period | Dec. | Cum. prov. | Net value at 31/12/11 |
|--------------------------|--------------------------|--------------------------------|------------------|------------------|-----------------------------|---------------------------|-----------------------------|----------------------|---------------|---------------------|-----------------------|
| Land | 247,716 | - | - | - | 247,716 | - | - | - | - | - | 247,716 |
| Buildings | 7,788,493 | - | 143,775 | - | 7,932,268 | (1,449,744) | - | (233,382) | - | (1,683,126) | 6,249,142 |
| Others | 15,287,859 | 1,948,119 | 775,525 | (61,710) | 17,949,793 | (11,525,190) | (1,700,917) | (639,551) | 59,537 | (13,806,121) | 4,143,672 |
| Fixed assets in progress | 254,315 | - | 134,953 | (157,799) | 231,469 | - | - | - | - | - | 231,469 |
| TOTAL | 23,578,383 | 1,948,119 | 1,054,253 | (219,509) | 26,361,246 | (12,974,934) | (1,700,917) | (872,933) | 59,537 | (15,489,247) | 10,871,998 |

The items "**increase and provisions for amortisation and depreciation for the new scope of consolidation**", amounting to Euro 1,948,119 and Euro – 1,700,917 respectively, pertain to the contribution of Realtech S.p.A., SiSpa Srl and Exprivia do Brasil Serviços de Informatica, which were included under the scope of consolidation in 2011.

The increase in the item "**buildings**", amounting to Euro 143,775, pertains to ProSap Mexico's purchase of an apartment following a transaction with a customer that is a real-estate company.

The change in the item "**others**", amounting to Euro 775,525, is mainly due to purchases made for electronic office equipment (Euro 189,631), furniture and furnishings (Euro 401,241), plant and machinery (Euro 53,550) and leased assets (Euro 124,166).

It should be mentioned that the net book value of leased items amounted to Euro 1,070,541 and mainly pertains to electronic office equipment for Euro 942,168. It should also be noted that minimum future payments within one year amount to Euro 279,469, while those due in one to five years amount to Euro 516,608.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

The item "**goodwill and other assets with an indefinite useful life**" amounted to Euro 69,211,588 at 31 December 2011 compared to Euro 64,931,863 at 31 December 2010.

The table below provides details on the items:

| Categories | Historical cost 01/01/11 | Increases | Total historical cost at 31/12/11 | | | Accum. deprec. | Net value at 31/12/11 |
|--|-----------------------------|------------------|--------------------------------------|------------------|------------------|------------------|--------------------------|
| 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 | 90,565 | 1,406,955 | - | - | - | 1,406,955 |
| GOODWILL | 18,631,899 | - | 18,631,899 | (256,573) | (29,442) | (286,015) | 18,345,883 |
| DIFFERENCE FROM CONSOLIDATION | 36,002,317 | 4,330,934 | 40,333,250 | (463,182) | (112,330) | (575,512) | 39,757,739 |
| TOTAL | 65,651,617 | 4,421,499 | 70,073,115 | (719,755) | (141,772) | (861,527) | 69,211,588 |

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 Do Brasil | 31/10/11 | 99.85% | 750,000 | 411,332 | | | 338,668 |
| 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 | | - |
| Exprivia Solutions S.p.A. | 14/04/05 | 100% | 2,017,000 | 1,504,338 | | | 512,662 |
| GST S.r.l. | 14/04/05 | 100% | 866,275 | 561,698 | | | 304,577 |
| Infaber Srl | 14/04/05 | 60.0% | 144,200 | 122,110 | 22,090 | | - |
| 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 | 322,880 | 112,330 | 688,090 |
| Realtech Spa | 01/04/11 | 51% | 1,620,000 | 879,620 | | | 740,380 |
| Reco Sistemi Srl | 29/12/05 | 63.2% | 77,500 | 23,234 | 54,266 | | - |
| SiSpa Srl | 30/06/11 | 100% | 5,184,705 | 1,932,820 | | | 3,251,885 |
| 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 | | | 53,674,132 | 13,340,883 | 463,181 | 112,330 | 39,757,739 |

It should be mentioned that the **consolidation difference** was generated as the result of line-by-line consolidation of subsidiaries, included under the scope of consolidation, by eliminating the value of the interests against their net equity at the date of acquisition.

The table below shows the item "Consolidation Difference" with the changes arising as at 31 December 2011 compared to 31 December 2010.

| Company | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|-------------------|-------------------|------------------|
| Datilog Srl | 89,600 | 89,600 | - |
| Exprivia Do Brasil | 338,668 | | 338,668 |
| 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 | 688,090 | 800,420 | (112,330) |
| ProSap | 2,217,105 | 2,217,105 | - |
| Realtech Spa | 740,380 | | 740,380 |
| SiSpa Srl | 3,251,885 | | 3,251,885 |
| Svimservice S.p.A. | 22,309,289 | 22,309,289 | - |
| Wel.Network S.p.A. | 7,970,984 | 7,970,984 | - |
| TOTAL | 39,757,739 | 35,539,136 | 4,218,604 |

INFORMATION RELATED TO IMPAIRMENT TESTS PERFORMED ON GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

SCOPE

Accounting standard IAS 36 requires that impairment tests should be performed 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 an indefinite useful life, such impairment tests should be performed on a yearly basis or more frequently in the case of special negative events that might result in impairment.

IDENTIFICATION AND ALLOCATION OF GOODWILL: CASH GENERATING UNIT

Not representing goodwill, according to international accounting standards, an asset that is unable to generate cash flow independently from other assets or groups of assets cannot be tested for impairment separately from other related assets.

For this purpose goodwill is allocated to a CGU or a group of CGUs in compliance with the maximum aggregation consistent with the notion of operating segment referred to in IFRS 8.

Concerning the Exprivia Group goodwill was allocated to CGUs as follows:

-  Goodwill arising from business combinations through which assets were acquired and assigned to specific CGUs from an operational standpoint was allocated to the respective CGUs.
-  Goodwill arising from business combinations, through which assets were acquired and to date do not refer to specific CGUs as they were assigned to different CGUs, was attributed to different CGUs in proportion to the sales volumes they generated in the financial year when the allocation was first made.

The table below summarises allocation of goodwill to CGUs:

| Goodwill and other intangible assets with indefinite useful life | Value at 31/12/2011 | CGU BFA | CGU IM | CGU Sanità ed Enti Locali | CGU Prosap | CGU Realtech | CGU Sispa | CGU Exprivia do Brasil |
|--|---------------------|-----------|-----------|---------------------------|------------|--------------|-----------|------------------------|
| GOODWILL COST FOR ABACO MERGER | 461,168 | 135,062 | 137,880 | | | | | |
| GOODWILL FOR ACQUISITION AIS PS BRANCH | 1,767,655 | 517,692 | 528,494 | | | | | |
| GOODWILL FOR ACQUISITION KSTONES BRANCH | 517,714 | 151,623 | 154,786 | | | | | |
| 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) | 14,774,459 | 4,326,986 | 4,417,275 | | | | | |
| GOODWILL (Welnetwork) | 3,571,424 | | | | | | | |
| GOODWILL (Aurora) | 1,406,955 | | | 1,406,955 | | | | |
| CONSOLIDATION DIFFERENCE Exprivia Solutions SpA | 1,200,752 | 351,663 | 359,001 | | | | | |
| CONSOLIDATION DIFFERENCE GST S.r.L. | 304,577 | | | 304,577 | | | | |
| CONSOLIDATION DIFFERENCE Exprivia Projects | 1,334,500 | 390,834 | 393,989 | | | | | |
| CONSOLIDATION DIFFERENCE Svmservice S.p.A. | 22,309,288 | | | 22,309,288 | | | | |
| CONSOLIDATION DIFFERENCE Wel.Network | 7,970,984 | | | | | | | |
| CONSOLIDATION DIFFERENCE Datlog S.r.L. | 89,600 | | 89,600 | | | | | |
| CONSOLIDATION DIFFERENCE Prosap Group | 2,217,105 | | | | 2,217,105 | | | |
| CONSOLIDATION DIFFERENCE Realtech | 740,380 | | | | | 740,380 | | |
| CONSOLIDATION DIFFERENCE Sispa | 3,251,885 | | | | | | 3,251,885 | |
| CONSOLIDATION DIFFERENCE Exprivia do Brasil | 338,668 | | | | | | | 338,668 |
| | 69,211,588 | 8,914,570 | 6,086,027 | 27,934,584 | 2,217,105 | 740,380 | 3,251,885 | 338,668 |

IMPAIRMENT TEST PROCESS AND ASSESSMENT SYSTEM

The recoverability of the amount of goodwill carried in the financial statements is checked by comparing the book value allocated to each CGU and the recoverable amount of each CGU in the definition of value of use. At the date of analysis, the latter is identified as the current value of future cash flow expected to be generated by the CGUs. The "DCF_Discounted Cash Flow" model was used in determining the value of use. The DCF discounts estimated future cash flow by applying an appropriate discount rate.

IDENTIFICATION OF CASH FLOW




For the purpose of the projections required by IAS 36, strict reference was made to the current condition of use of each CGU regardless of the cash flow from any investment plans and extraordinary transactions that may constitute a "break" from normal company operations. Therefore, cash flow projections used to measure value correspond to a five-year plan that forecasts 2012 growth levels to be in line with the 2011-2013 industrial plan and, prudently, limited levels of growth for the next four years. Given the explanations above, the plan should be considered drawn up strictly for the purpose of this test, and in this sense, approved by the Board of Directors.

BASIC ASSUMPTIONS AND SENSITIVITY ANALYSIS

The table below provides a summary of the main assumptions on which the recoverable value of all CGUs was determined:

| | |
|---|---|
| Expected cash flow | |
| Extension of the forecast analysis period | 5 years |
| Long-term growth rate (G) | 1,0% |
| Determination of the terminal value | Present value of the perpetual flux generated in the last year of the forecast 20% discount |
| Discount Rate | |
| Risk free rate | 5,5% |
| Equity Risk Premium | 4,0% |
| Beta | 1,05% |
| Wacc Pre Tax | 11,09% |

A sensitivity analysis was carried out on the outcome of impairment tests assuming the following change in key parameters:

-  A 1% increase in the weighted average cost of capital;
-  A 0.5% decrease in the growth rate "G";
-  Failure to reach 5% of objectives provided in the plan in terms of production revenue, on which the cash flow projections are based.

CONCLUSIONS

The tests performed did not show any impairment that should be reported in the financial statements.

OTHER INTANGIBLE ASSETS

The item **Other intangible assets** amounted to Euro 4,337,933 at 31 December 2011 (net of amortisation) compared to Euro 3,915,834 at 31 December 2010.

The table below provides a summary of the item.

| Categories | Historic cost 01/01/11 | Increases at 31/12/11 | Variation to consol. of cos | Total historic cost at 31/12/11 | Deprec. fund at 01/01/11 | Variation to consol. of cos | Deprec. quota for period | Decrements | Cumulated deprec. 31/12/11 | Net value at 31/12/11 |
|---|---------------------------|--------------------------|--------------------------------|---------------------------------------|-----------------------------|--------------------------------|-----------------------------|-----------------|----------------------------------|--------------------------|
| Development of advertising | 27,679,182 | 1,419,337 | - | 29,098,519 | (24,296,715) | - | (1,647,263) | - | (25,943,978) | 3,154,541 |
| Patents and Intellectual Property Rights | 2,713,036 | 16,469 | 151,369 | 2,880,874 | (2,623,934) | - | (43,312) | - | (2,667,246) | 213,626 |
| Permits, brands | 430,250 | 3,658 | - | 433,908 | (183,614) | - | (22,167) | - | (205,781) | 228,126 |
| Assets under constr. & payment on a/c | - | 276,185 | - | 276,185 | - | - | - | - | - | 276,185 |
| Sundries | 2,404,085 | 333,179 | 222,637 | 2,959,901 | (2,198,894) | (205,743) | (74,688) | (15,120) | (2,494,445) | 465,455 |
| TOTAL | 33,226,553 | 2,048,828 | 374,006 | 35,649,387 | (29,303,157) | (205,743) | (1,787,430) | (15,120) | (31,311,450) | 4,337,933 |

The increase by Euro 2,048,828 in the period is mainly pertains to Euro 1,419,337 for investments in **development** of software applications for banking, medical and manufacturing segments, Euro 333,179 for **purchasing software licenses** and Euro 276,185 for investments in **development** to execute projects not yet amortised.

EQUITY INVESTMENTS

The item **“equity investments”** at 31 December 2011 amounted to Euro 1,862,205 compared to Euro 1,825,285 at 31 December 2010.

The composition of equity investments is described below.

INTERESTS IN SUBSIDIARIES

At 31 December 2011 the balance amounted to Euro 51,646, and it did not change from 31 December 2010. This amount pertains to the cost of acquiring interests in Al Faro Srl (in liquidation), which is no longer included under the scope of consolidation as it is considered irrelevant.

The Group holds 100% ownership of Farm Multimedia S.r.l. (in liquidation), whose book value was brought to zero.

INTERESTS IN ASSOCIATES

At 31 December 2011 the item **“interests in associates”** amounted to Euro 189,224 compared to Euro 185,688 at 31 December 2010. The change pertains to Euro 14,036 for writing down interests in TraxAll Srl, acquired in 2011 as described under the section **“significant events”** and Euro -10,500 for the sale of 0.60% of shares in Pervoice S.p.A. to a member.

The Group also holds a 32.80% share in Mindmotion S.r.l. (bankrupt), whose book value was brought to zero.

The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------|----------------|----------------|--------------|
| Traxall Srl | 14,036 | - | 14,036 |
| Pervoice | 139,160 | 149,660 | (10,500) |
| S2B Soc. Consortile | 36,028 | 36,028 | - |
| TOTAL | 189,224 | 185,688 | 3,536 |

INVESTMENTS IN OTHER COMPANIES

The item **“investments in other companies”** at 31 December 2011 amounted to Euro 1,621,335 compared to Euro 1,587,951 at 31 December 2010.

The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|---------------|
| Ultimo Miglio Sanitario | 2,500 | 2,500 | - |
| Certia | 516 | 516 | - |
| Conai | 9 | 9 | - |
| Finapi | 775 | 775 | - |
| Cered Software | 104 | 104 | - |
| Società Consortile Piano del Cavaliere | 516 | 516 | - |
| Consorzio Pugliatech | 2,000 | 2,000 | - |
| Iqs New Srl | 1,291 | 1,291 | - |
| Consorzio Conca Barese | 2,000 | 2,000 | - |
| Software Engineering Research | 12,000 | 12,000 | - |
| Advanced Computer Systems | 1,420,816 | 1,420,816 | - |
| Consorzio Biogene | 3,000 | 3,000 | - |
| Consorzio DARE | 1,000 | | 1,000 |
| Consorzio DHITECH | 17,000 | | 17,000 |
| Consorzio DITNE | 12,384 | | 12,384 |
| SELP | 100,000 | 100,000 | - |
| Consorzio Daisy-Net Participation | 13,939 | 13,939 | - |
| Cattolica Popolare Soc. Cooperativa | 23,491 | 23,491 | - |
| Distretto Produttivo dell'Informatica | | 1,500 | (1,500) |
| Banca di Credito Cooperativo | 2,461 | 2,461 | - |
| ENFAPI CONFIND Participation | 1,033 | 1,033 | - |
| Consorzio Heath Innovation HUB | 3,000 | | 3,000 |
| Consorzio Semantic Valley | 1,500 | 1,500 | - |
| TOTAL | 1,621,335 | 1,589,451 | 31,884 |

The company continues to consider the interests in Advanced Computer Systems (ACS) as a strategic investment, and no signs of long-term impairment have arisen.

OTHER FINANCIAL ASSETS

RECEIVABLES FROM SUBSIDIARIES

At 31 December 2011 the item **“receivables from subsidiaries”** amounted to Euro 22,488 compared to Euro 21,488 at 31 December 2010. It pertains to amounts receivable from the subsidiary Farm Multimedia S.r.l. (in liquidation) for Euro 20,388 (written down in full) and Al Faro S.r.l. (in liquidation) for Euro 2,100, no longer consolidated as it is considered irrelevant.

OTHER RECEIVABLES

At 31 December 2011 the item **“other receivables”** amounted to Euro 257,228 compared to Euro 148,160 at 31 December 2010. The change is shown in the table below.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------|----------------|----------------|----------------|
| Credit for call and put | - | 13,333 | (13,333) |
| Long term deposit | 199,318 | 121,056 | 78,262 |
| Financial receivables | 33,517 | | 33,517 |
| Tax credits | 24,393 | 13,771 | 10,622 |
| TOTAL | 257,228 | 148,160 | 109,068 |

DEFERRED TAX ASSETS

The item “**deferred tax assets**” amounted to Euro 1,056,079 compared to Euro 1,204,410 at 31 December 2010, and refers to taxes on temporary changes as a result of applying IAS/IFRS and considered recoverable in subsequent financial years.

CURRENT ASSETS

TRADE RECEIVABLES AND OTHERS

TRADE RECEIVABLES

At 31 December 2011 the item “**trade receivables**” amounted to Euro 58,151,010 (net of the bad debts provision) compared to Euro 52,004,102 at 31 December 2010.

The following table provides details on the item as well as a comparison with 31 December 2010.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|-------------------|-------------------|------------------|
| To Italian customers | 43,393,931 | 40,369,374 | 3,024,557 |
| To foreign customers | 4,735,794 | 1,615,890 | 3,119,904 |
| To public bodies | 14,284,679 | 14,333,104 | (48,425) |
| S-total receivables to customers | 62,414,405 | 56,318,368 | 6,096,036 |
| Less: provision for bad debts | (4,263,394) | (4,314,266) | 50,872 |
| Total receivables to customers | 58,151,010 | 52,004,102 | 6,146,908 |

Trade receivables were made up as specified below.

| Details | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------------------|-------------------|-------------------|------------------|
| To third parties | 55,809,239 | 48,068,440 | 7,740,799 |
| Invoices for issue to third parties | 6,605,165 | 8,249,928 | (1,644,763) |
| TOTAL | 62,414,405 | 56,318,368 | 6,096,036 |

The value of invoices to be issued 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 authorisation process which does not necessarily end in the month of reference. The amount shown in the financial statements is what had been matured up to December included and what will be invoiced in the following months.

The table below shows a breakdown of receivables by date of maturity, net of invoices/credit notes to be issued and including receivables carried under the bad debts provision:

| Amount of receivables | in | | days past due | | | | | | | |
|-----------------------|------------|------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | expire | due | 1 - 30 | 31- 60 | 61 - 90 | 91-120 | 121-180 | 181-270 | 271-365 | beyond |
| 55,731,436 | 36,126,620 | 19,603,678 | 1,645,371 | 2,378,815 | 2,662,682 | 1,252,483 | 1,346,652 | 1,574,833 | 1,663,042 | 7,079,800 |
| 100.0% | 64.8% | 35.2% | 3.0% | 4.3% | 4.8% | 2.2% | 2.4% | 2.8% | 3.0% | 12.7% |

RECEIVABLES FROM ASSOCIATES

The item **“receivables from associates”** amounted to Euro 914 compared to Euro 19,894 at 31 December 2010 and refers to amounts owed to the subsidiary G.S.T. S.r.l. by its associate Pervoice S.p.A..

RECEIVABLES FROM PARENT COMPANIES

The item **“receivables from parent companies”** amounted to Euro 828,963 compared to Euro 805,992 at 31 December 2010 and refers to amounts owed to the holding company (Euro 229,713) and to the subsidiary Exprivia Solutions S.p.A. (Euro 599,250) by the Parent Company Abaco Innovazione S.p.A..

OTHER RECEIVABLES

At 31 December 2011 the item **“other receivables”** amounted to Euro 13,388,129 compared to Euro 10,667,126 at 31 December 2010.

The table below shows movements that occurred.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|-------------------|-------------------|------------------|
| EU/Indep. Province Trento/Regione Lazio contributions | 101,954 | 129,222 | (27,268) |
| Receivables to consortia | - | 929 | (929) |
| Receivables CNOS project | 1,304,868 | 1,304,868 | - |
| Receivables Puglia Region - SDI | 3,021,615 | - | 3,021,615 |
| Receivables MIUR | 323,330 | 323,330 | - |
| Receivables Fondimpresa | - | 35,050 | (35,050) |
| Receivables to POR Puglia- Pugliatech | 1,072,621 | 1,079,668 | (7,047) |
| Receivables Agriplan project | 821,000 | 821,000 | - |
| Receivables to Lab. 8 | 698,125 | 698,125 | - |
| Receivables POR - Training Spegea | 14,248 | | 14,248 |
| Receivables to SlimSafe | 640,952 | 451,111 | 189,841 |
| Receivables to PIA Innovazione | 1,935,546 | 1,974,014 | (38,468) |
| Receivables L. 488/92 for contrib. decided | - | 684,508 | (684,508) |
| Receivables L. 598/94 | - | 202,692 | (202,692) |
| Receivables Puglia Region - new recruitment | 545,600 | | 545,600 |
| Receivables to s/holders for holdings/spin-offs | 184,812 | 19,109 | 165,703 |
| Advances to suppliers for services | 154,984 | 616,272 | (461,288) |
| Sundry credits | 75,394 | 96,125 | (20,731) |
| Receivables to factoring | 313,570 | 423,775 | (110,205) |
| Receivables to welfare institutes/INAIL | 22,279 | 9,081 | 13,198 |
| Receivables to employees | 168,456 | 30,225 | 138,231 |
| Receivables INPS for CIG | 2,084 | 87,198 | (85,114) |
| Guaranteed securities | 98,028 | 96,385 | 1,643 |
| Costs in future years expertise | 1,888,663 | 1,584,439 | 304,224 |
| TOTAL | 13,388,129 | 10,667,126 | 2,721,003 |

The amounts receivable in relation to government grants, collected shares of which are offset in "other payables" under liabilities in the Balance Sheet, refer to provisional resolutions for grant eligibility. These entries will be brought to zero when the balance of the grants is collected following the final assessments made by the respective Ministries and Local Entities.

The item **"expenses pertaining to future financial years"** for Euro 1,888,663 mainly refers to maintenance costs for future reporting periods.

Tax Receivables

At 31 December 2011 the item **"tax receivables"** amounted to Euro 1,513,536 compared to Euro 1,032,283 at 31 December 2010. The table below provides a breakdown.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|----------------|
| Receivables to tax a/c - IRES | 372,971 | 42,622 | 330,349 |
| Receivables to tax a/c - IRAP | 63,918 | 195,201 | (131,283) |
| Tax authority w/holding taxes on interest income | 3,578 | 2,756 | 822 |
| Tax authority deductions on foreign payments | 34,367 | 85,867 | (51,500) |
| Credits to tax authority for VAT | 276,661 | 202,440 | 74,221 |
| Credits on substitute severance fund tax | 18,876 | 18,860 | 16 |
| Credits with tax authority | 674,211 | 51,574 | 622,637 |
| Advanced Tax Credits | 15,944 | 344,614 | (328,670) |
| Art. 8 tax credits | 53,010 | 88,350 | (35,340) |
| TOTAL | 1,513,536 | 1,032,283 | 481,253 |

The item “receivables from tax authorities” amounted to Euro 408,527 in relation to tax demands under dispute for IRES and IRAP pertaining to 2005 and 2006 and issued against Exprivia S.p.A.. The company obtained a suspension order. For further details see the comment to the item “provision for risks and charges”.

INVENTORIES

“**Inventories**” amounted to Euro 136,934 compared to Euro 187,635 at 31 December 2010 and refer to software and hardware purchased by group companies for resale within the next financial year.

CONTRACT WORK IN PROGRESS

“**Contract work in progress**” amounted to Euro 28,784,892 compared to Euro 19,735,468 at 31 December 2010 and refers to the percentage of completion of contracts in progress pertaining to the reporting period.

CURRENT FINANCIAL ASSETS

CASH AT BANK AND ON HAND

The item “**cash at bank and on hand**” amounted to Euro 7,473,881 compared to Euro 7,276,753 at 31 December 2010 and refers to Euro 7,447,395 held at banks and Euro 26,486 in cheques and notes on hand.

NET EQUITY

SHARE CAPITAL

“**Share Capital**”, fully paid up, amounted to Euro 26,979,658.16 and is represented by 51,883,958 ordinary shares at Euro 0.52 nominal value each. This is the same as 31 December 2010.

OWN SHARES

At 31 December 2011 “**own shares**” amounted to Euro -46,508 and refers to the purchase of own shares under the plan approved by the general shareholders' meeting of 28 April 2011. The number of own shares amounts to 89,439.

SHARE PREMIUM RESERVE

At 31 December 2011 the “**share premium reserve**” amounted to Euro 18,081,738 and is the same as 31 December 2010.

REVALUATION RESERVE

At 31 December 2011 the “**revaluation reserve**” amounted to Euro 2,907,138 and is the same as 31 December 2010.

OTHER RESERVES

The item “**other reserves**” amounted to Euro 10,998,820 compared to Euro 7,478,094 at 31 December 2010 and pertains to:

-  Euro 3,021,831 for the “**legal reserve**”, which rose by Euro 2,400,000 compared to 31 December 2010 after allocating profit from the previous year, as resolved by the general shareholders' meeting of 28 April 2011;
-  Euro 189,823 for the “**extraordinary reserve**” compared to Euro 5,373,534 at 31 December 2010. The change pertains to an increase of Euro 832,992 for allocation of 2010 profit, as resolved by the Exprivia S.p.A. general shareholders' meeting of 28 April 2011, an increase of Euro 1,888,073 for the reclassification of “stock option reserves”, and a decrease of Euro 7,904,776 allocated to the provision for investments in the Regione Puglia programme agreement;
-  Euro 7,904,776 to the “**Provision for Investments in the Regione Puglia Programme Agreement**” under the General Regulations governing aid no. 9 of 26 June 2009 as amended – Title VI “Aid to the investment programmes promoted by Large Enterprises to be granted through Regional Programme Agreements”;
-  Euro 106,283 “**other reserves**” compared to Euro 1,706,621 of 31 December 2011. The Euro 1,600,338 decrease pertains to:
 - A Euro 10,007 decrease related to the share premium value from transactions to purchase own shares;
 - A Euro 297,742 increase related to the “stock option reserve” for exercising options under the stock option plan;
 - A Euro 1,888,073 decrease related to the reclassification of the “stock option reserve” under the “extraordinary reserve” in accordance with IFRS 2, paragraph 23;
-  Euro -236,486 “**IAS/IFRS tax effect reserve**” represents the tax effect calculated on changes after adopting IFRS and is the same as 31 December 2010;
-  Euro 12,593 “**available IAS/IFRS tax effect reserve**” represents the tax effect calculated on changes after adopting IFRS and is the same as 31 December 2010.

PROFIT FROM PREVIOUS FINANCIAL YEARS

At 31 December 2011 **profit from previous financial years** amounted to Euro 6,405,325 compared to Euro 6,243,417 at 31 December 2010.

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

| DESCRIPTION | Result to 31/12/2010 | Sundries | Net Worth at 31/12/2010 | Result for period to 31/12/2011 | Sundries | Net Worth at 31/12/2011 |
|--|-------------------------|------------------|----------------------------|---------------------------------------|--------------------|----------------------------|
| <i>Exprivia S.p.A.</i> | <i>5,308,350</i> | <i>(425,043)</i> | <i>60,754,978</i> | <i>3,215,443</i> | <i>(1,834,131)</i> | <i>62,136,290</i> |
| Contribution of subsidiaries | 4,641,574 | | 14,944,550 | 4,955,368 | | 19,899,918 |
| Depreciation and cover for losses of subsidiaries | | | 3,322,000 | | | 3,322,000 |
| Elimination capital gain divestment of Exprivia Projects branch/Elimination Svmservice dividends | (3,955,676) | | (9,733,135) | (4,111,020) | | (13,844,155) |
| Elimination intercompany licence purchases/Elimination WelNetwork dividends | (1,064,949) | | (2,036,340) | (853,502) | | (2,889,842) |
| Elimination capital gain divestment AIS Professional branch | | | (1,767,655) | | | (1,767,655) |
| Variation in consolidation of companies | | 453,873 | 1,134,946 | | 540,958 | 1,675,904 |
| Contribution of third parties to net worth | | (430,332) | (829,160) | | (462,694) | (1,291,854) |
| TOTAL GROUP NET WORTH | 4,929,299 | (401,502) | 65,790,184 | 3,206,289 | (1,755,867) | 67,240,606 |

NON-CURRENT LIABILITIES

NON-CURRENT PAYABLES TO BANKS

At 31 December 2011 the item **“non-current payables to banks”** amounted to Euro 13,774,738 compared to Euro 23,031,905 at 31 December 2010, and pertains to medium-term borrowing from major credit and financial institutions and to low-interest loans for specific investments programmes.

As a result of not meeting a financial parameter at 31 December 2011, “Net Borrowing/EBITDA”, the company deemed it necessary, in accordance with IAS 1, paragraph 74, to reclassify the non-current part of medium-term borrowing (Euro 7,714,286) provided by the pool of banks headed by BNL into **“current bank payables”**.

The table below provides details on the item and breaks down the non-current portion (Euro 13,774,738) and the current portion (Euro 19,289,062).

| Financial institute | Type | Contractual amount | Amount distrib. at 31.12.11 | Date of contract | Expiry date | Repay-ment date | Rate applied | Residual capital at 31.12.11 | 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 months + 1,7% | 10,285,710 | 10,285,710 | |
| Banca Nazionale del Lavoro | Mutual | 2,400,000 | 2,400,000 | 15/10/04 | 30/09/14 | semi-annual | Euribor 6 months + 1,2% | 847,059 | 282,353 | 564,706 |
| Banca Nazionale del Lavoro | Financing | 950,000 | 950,000 | 24/06/11 | 30/06/14 | semi-annual | Euribor 3 months + 1,5% | 870,833 | 395,833 | 475,000 |
| Deteuche Bank | Financing | 1,500,000 | 1,500,000 | 30/06/08 | 23/06/13 | quarterly | Euribor 3 months + 0,9% | 656,250 | 375,000 | 281,250 |
| Deteuche Bank | Financing | 500,000 | 500,000 | 03/12/10 | 02/06/12 | only solutions | Euribor 3 months + 1,2% | 500,000 | 500,000 | |
| MPS Capital Services | Financing | 700,000 | 700,000 | 16/02/11 | 31/08/12 | annual | Euribor 6 months + 3,05% | 334,807 | 334,807 | |
| Ministry of University and Research | Financing | 1,430,905 | 1,243,453 | 12/04/07 | 01/07/15 | semi-annual | 0.50% | 674,532 | 191,498 | 483,034 |
| Ministry of Economic Development | Financing | 2,151,000 | 1,787,006 | 27/12/09 | 27/02/19 | annual | 0.87% | 1,441,880 | 174,818 | 1,267,062 |
| Antonveneta Bank | Financing | 5,000,000 | 5,000,000 | 04/05/10 | 10/05/17 | monthly | Euribor 3 months + 2,5% | 4,337,425 | 745,293 | 3,592,132 |
| BNP Paribas Lease Group | Financing | 548,600 | 548,600 | 24/09/10 | 30/09/12 | quarterly | 1.999% | 274,300 | 274,300 | |
| Banco Napoli | Financing | 2,000,000 | 2,000,000 | 20/05/11 | 20/05/16 | monthly | Euribor 1 months + 3,70% | 1,791,671 | 372,762 | 1,418,909 |
| Credito Emiliano | Financing | 1,000,000 | 1,000,000 | 04/04/11 | 04/04/14 | monthly | Euribor 3 months + 1,7% | 785,827 | 330,435 | 455,392 |
| Emilia Romagna Factor | Financing | 3,500,000 | 3,500,000 | 22/07/11 | 31/12/14 | monthly | Euribor 3 months+ 2,75% | 3,441,894 | 1,108,561 | 2,333,333 |
| Banca Popolare di Milano | Financing | 2,000,000 | 2,000,000 | 30/11/11 | 30/06/12 | monthly | Euribor 3 months + 3,00% | 2,000,000 | 2,000,000 | |
| Banca Popolare di Milano | Financing | 250,000 | 250,000 | 19/07/11 | 31/07/12 | monthly | Euribor 3 months+ 2,25% | 146,970 | 146,970 | |
| Ministry of University and Research | Financing | 934,900 | 380,624 | 10/01/08 | 01/07/15 | semi-annual | 0.50% | 243,424 | 69,116 | 174,308 |
| Cassa di Risparmio di Parma e Piacenza | Financing | 380,000 | 380,000 | 21/10/09 | 21/10/12 | quarterly | Euribor 3 months + 1,375% | 99,717 | 99,717 | |
| Cassa Rurale di Aldeno e Cadine | Financing | 300,000 | 300,000 | 25/09/07 | 25/09/13 | monthly | Euribor 1 months + 0,9% | 112,642 | 63,522 | 49,120 |
| Banca Popolare Puglia e Basilicata | Financing | 265,000 | 265,000 | 29/06/11 | 31/03/12 | only solutions | Euribor 3 months + 3,2 | 265,000 | 265,000 | |
| Centrobanca | Financing | 2,025,228 | 1,822,705 | 28/12/04 | 05/08/16 | annual | 0.96% | 936,749 | 186,707 | 750,042 |
| Cassa Depositi e Prestiti | Financing | 1,244,100 | 1,119,600 | 27/07/09 | 30/06/14 | semi-annual | 0.50% | 563,339 | 224,492 | 338,847 |
| Banca Popolare di Bari | Financing | 138,234 | 124,413 | 27/07/09 | 30/06/14 | semi-annual | Euribor 6 months + 3,00% | 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 months + 2,5% | 2,250,000 | 750,000 | 1,500,000 |
| Cajamadrid | Financing | 150,000 | 150,000 | 17/04/09 | 25/05/12 | monthly | 5.679% | 36,566 | 36,566 | |
| Cajamadrid | Financing | 75,000 | 75,000 | 30/04/10 | 25/05/13 | monthly | 5.367% | 42,792 | 26,498 | 16,294 |
| TOTAL | | | | | | | | 33,063,800 | 19,289,062 | 13,774,738 |

MEDIUM-TERM LOAN AGREEMENT

On 8 May 2008 Exprivia stipulated a medium-term loan for up to a total of Euro 20,500,000.00 (twenty million five hundred thousand/00) with a pool of banks consisting of BNL (lead bank and lead arranger), Centrobanca-Banca di Credito Finanziario e Mobiliare S.p.A., Unicredit Corporate Banking S.p.A. and Banca Antonveneta S.p.A..

In particular, under the medium-term loan agreement the lenders granted the following medium-term credit lines to Exprivia:

- 1) A credit line called "Line A" for up to a total of Euro 3,000,000.00 (three million/00) to fund payment of Svimservice share premium and to be paid back by 30 November 2015;
- 2) A credit line called "Line B" for up to a total of Euro 15,000,000.00 (fifteen million/00) to refinance a portion of the Bridge Loan and to be paid back by 30 November 2015;
- 3) A revolving credit line called "Revolving Line" for up to a total of Euro 2,500,000.00 (two million five hundred/00) to fund working capital and the company's general cash needs. It was paid back on full by 31 December 2010.

The medium-term loan was facilitated by the following real guarantees:

- 1) A second lien granted by the Parent Company Abaco Innovazione S.p.A. on a number of Exprivia shares such that the ratio between the market value of those shares and the remainder of the loan is always 125%;
- 2) A lien on 100% of Svimservice and Wel.Network share capital;
- 3) A second mortgage on property owned by the company in Molfetta in Viale Adriano Olivetti 11/a;
- 4) Assignment of receivables and indemnities deriving from Wel.Network S.p.A. and Svimservice S.p.A. acquisition agreements;
- 5) Assignment of receivables deriving from contracts for services and/or software stipulated by the company for a sufficient amount to cover debt servicing for at least one year; this guarantee can be replaced and/or supplemented by a lien on a current account where the company will deposit enough funds to cover 50% of the difference between one year of debt servicing and the value of receivables assigned as guarantee.

The following financial parameters are to be respected under the medium-term loan agreement for its entire duration:

| Date of Reference | Net Borrowing/EBITDA <i>not more than</i> | Net Borrowing/Net equity <i>not more than</i> | Free Cash Flow/Debt Servicing <i>not less than</i> | Overall Investments <i>not more than</i> |
|-------------------|--|--|---|---|
| 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 will be measured on a consolidated basis every six months by 30 April and 30 September of each year and will refer to the 12 months preceding 30 June and 31 December of each year, using standard calculation criteria agreed by the parties.

The financial parameter “overall investments” does not take into account investments for acquiring interests not subject to authorisation, or those that received specific written authorisation from the banks.

Failure to respect these parameters and commitments provided in the medium-term loan agreement will entitle the lending banks to demand immediate repayment from Exprivia, which would have a negative impact on the financial situation of Exprivia and the overall group.

It should be noted that on 27 August 2010, by mutual agreement, the Company and the pool of banks headed by BNL amended the financial parameters of the medium-term loan, in line with the new 2010–2013 Industrial Plan presented by the Company.

It should also be mentioned that the financial parameter “Net Borrowing/EBITDA” at 31 December 2011 exceeded the level provided under the agreement and therefore the company requested a waiver from the bank.

In addition, it should be noted that under the medium-term loan agreement Exprivia transferred as a guarantee to BNL any indemnity that the seller of Wel.Network was required to pay to Exprivia following violations related to tax matters (see ‘Provisions for Risks and Charges’) as provided for under the Wel.Network agreement. Collection of this indemnity and its transfer to BNL would be used to reduce amounts still owed for the medium-term loan. If, instead, this indemnity were to be paid directly to Wel.Network, it would not fall under the guarantee assigned to BNL and would remain fully available to Wel.Network.

In addition to the above, Exprivia S.p.A. holds specific limitations and obligations as follows, inter alia:

- 1) The commitment to maintain, directly or indirectly through its subsidiary, a 100% interest in Svimservice and Wel.Network share capital;
- 2) Maintain insurance policies for its activities and assets according to best business practices with major insurance companies and in any case at the same level as those currently in place;
- 3) The commitment not to set up real or contractual limitations of any kind on tangible or intangible assets or on its company interests or receivables in order to guarantee its own and/or third-party bonds unless prior authorisation is provided by the lending banks;
- 4) The commitment not to sell, assign, transfer, exchange, or, in any case, 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 or its own shares; or (ii) the value is not higher than Euro 3,000,000.00 for each act of disposal;
- 5) The commitment not to distribute dividends for more than 50% of net profit for the duration of the medium-term loan, provided 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 conduct any extraordinary transactions, including mergers, demergers, company restructuring, contributions, purchase companies or branches of companies, change its shareholder structure unless for transactions already resolved by the Board of Directors of the company and extraordinary transactions previously authorised in writing by the lending banks.

All extraordinary transactions conducted in 2011 were authorised in writing by the lending banks or were exempt from authorisation under the contract parameters in force.

Furthermore, under the medium-term loan Exprivia undertakes to ensure that the obligation to pay back any funding received from shareholders (present or future), whatever the technical form, is entirely retained and subordinated to the complete repayment of the loan.

Lastly, the medium-term loan provides cross default clauses, as a result of which the occurrence of certain events provided for by other loan agreements causing default (such as failure to pay back amounts provided or operation of the acceleration clause) is also considered as default for the medium-term loan. These

events could, therefore, lead to accelerated maturity and the obligation to pay back amounts due for the medium-term loan as well.

BNL Mortgage Loan

The loan for Euro 2,400,000, originally stipulated by Abaco Innovazione S.p.A. on 15 October 2004 to finance the construction of industrial buildings, was subsequently assumed by Exprivia following its merger by incorporation with Abaco Information Services on 15 October 2005. Abaco Innovazione S.p.A. had previously sold to this company its branch handling all its industrial operations.

This loan is secured by a first mortgage on Exprivia property located in Molfetta in Viale Adriano Olivetti 11/a for up to Euro 6,700,000.

At 31 December 2011 the remaining debt amounted to Euro 847,059, Euro 282,353 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 564,706 to be repaid in 2013-2014 (carried under long-term liabilities).

BNL Loan

A loan for Euro 950,000 stipulated on 24 June 2011 to be repaid with quarterly instalments starting from 30 June 2011 until 30 June 2014.

At 31 December 2011 the remaining debt amounted to Euro 870,833, Euro 395,833 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 475,000 to be repaid after twelve months (carried under long-term liabilities).

The interest rate applied is Euribor 3 months + a 1.50 spread.

This loan is secured by a public guarantee granted by SACE to support international business development.

Deutsche Bank Loan

A loan for Euro 1,500,000 stipulated on 30.06.2008 and provided on 20.08.2008. A plan is currently being negotiated for repayment in quarterly instalments starting on 23 October 2009 until 23 June 2013.

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

At 31 December 2011 the remaining debt amounted to Euro 656,250, Euro 375,000 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 281,250 to be repaid in 2013 (carried under long-term liabilities).

A loan for Euro 500,000 stipulated on 03.12.2010 with repayment in a lump sum by 2 June 2012.

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

There are no real guarantees for these loans.

Monte dei Paschi di Siena Loan

A loan for Euro 700,000 stipulated on 16 February 2011 to be repaid in monthly instalments starting from 31 March 2011 until 31 August 2012.

The interest rate applied is Euribor 6 months + a 3.05% spread.

At 31 December 2011 the remaining debt amounted to Euro 334,807 (carried under short-term liabilities).

There are no real guarantees for this loan.

Low-interest Loan from the Ministry of Universities and Research

A loan resolved for Euro 1,430,905 stipulated by Exprivia on 12 April 2007 and provided for Euro 1,243,453 at 31 December 2011 to finance a research and development project under the financing law Ministerial

Decree no. 593 of 8 August 2000. It expires on 1 July 2015 and bears a below-market rate of interest (0.50% yearly).

This loan was granted under the following Ministry of Universities and Research decrees: 1769/Ric. of 1 August 2005, 107/Ric. of 26 January 2006 and 2386/Ric. of 16 November 2006.

At 31 December 2011 the remaining debt amounted to Euro 674,532, Euro 191,498 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 483,034 to be repaid in 2013-2016 (carried under long-term liabilities).

There are no real guarantees for this loan.

Low-interest Loan from Ministry of Economic Development - Istituto Finanziario Centrobanca POR Puglia

A loan resolved for Euro 2,151,000 and provided for Euro 1,787,006 at 31.12.10 to finance a research and development project under Law 46/82 F.I.T. art. 14 Circular no. 1034240 of 11 May 2001. It expires on 27 December 2019 and bears a below-market rate of interest (0.87% yearly).

This loan was granted under decree n. POR 05 of 27.12.2006 by the Ministry of Economic Development.

At 31 December 2011 the remaining debt amounted to Euro 1,441,880, Euro 174,818 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 1,267,062 to be repaid in 2013-2019 (carried under long-term liabilities).

There are no real guarantees for this loan.

Banca Antonveneta Loan

A loan for Euro 5,000,000 stipulated on 04.05.10 and provided on 01.06.10 to be repaid in monthly instalments starting from 10.02.11 until 10.05.17.

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

At 31 December 2011 the debt amounted to Euro 4,337,425, Euro 745,293 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 3,592,132 to be repaid in 2013-2017 (carried under long-term liabilities).

There are no real guarantees for this loan.

BNP Paribas Lease Group Loan

A loan for Euro 548,600 stipulated on 24.09.10 and provided on 1 October 2010. Repayment is scheduled over eight quarterly instalments starting on 31.12.10 until 30.09.12.

The nominal interest rate is 1.999%.

At 31 December 2011 the debt amounted to Euro 274,300 to be paid back by 30 September 2012 (carried under short-term liabilities).

There are no real guarantees for this loan.

Banco di Napoli Loan

A loan for Euro 2,000,000 stipulated on 20.05.11 to be repaid in monthly instalments starting from 20.06.11 until 20.05.16.

The interest rate applied is Euribor 1 month + a 3.70% spread.

At 31 December 2011 the debt amounted to Euro 1,791,671, Euro 372,762 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 1,418,909 to be repaid in 2013-2016 (carried under long-term liabilities).

There are no real guarantees for this loan.

Credito Emiliano Loan

A loan for Euro 1,000,000 stipulated on 04.04.11 to be repaid in monthly instalments starting from 04.05.11 until 04.04.14.

The interest rate applied is Euribor 3 months + a 1.70% spread.

At 31 December 2011 the debt amounted to Euro 785,827, Euro 330,435 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 455,392 to be repaid in 2013-2014 (carried under long-term liabilities).

There are no real guarantees for this loan.

Emilia Romagna Factor Loan

A loan for Euro 3,500,000 stipulated on 22.07.11 to be repaid in monthly instalments starting from 01.01.12 until 31.12.14.

The interest rate applied is Euribor 3 months + a 2.75% spread.

At 31 December 2011 the debt amounted to Euro 3,441,894, Euro 1,108,561 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 2,333,333 to be repaid in 2013-2014 (carried under long-term liabilities).

This loan is 100% secured by a lien from SiSpa Srl.

Banca Popolare di Milano Loan

A loan for Euro 2,000,000 stipulated on 30.11.11 to be repaid in monthly instalments starting from 31.01.12 until 30.06.12.

The interest rate applied is Euribor 3 months + a 3.00% spread.

At 31 December 2011 the debt amounted to Euro 2,000.00 to be paid back by 30 June 2012 (carried under short-term liabilities).

There are no real guarantees for this loan.

Low-interest Loan from the Ministry of Universities and Research

A loan resolved for Euro 934,900 stipulated by Exprivia Solutions S.p.A. on 10 January 2008 and provided for Euro 380,624 at 31 December 2010 to finance a research and development project under the financing law Ministerial Decree no. 593 of 8 August 2000. It expires on 1 July 2015 and bears a below-market rate of interest (0.50% yearly).

This loan was granted under the following Ministry of Universities and Research decrees: 3244/Ric. of 5 December 2005 and 11177/Ric. of 19 September 2007.

At 31 December 2011 the remaining debt amounted to Euro 243,424, Euro 69,116 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 174,308 to be repaid in 2013-2015 (carried under long-term liabilities).

There are no real guarantees for this loan.

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

A loan for Euro 380,000 stipulated by Wel.Network on 21 October 2009 for company financial restructuring. It expires on 21 October 2012 and bears interest at a rate equal to the Euribor three months + a 1.375% spread.

At 31 December 2011 the remaining debt amounted to Euro 99,717 to be paid back by 21 October 2012 (carried under short-term liabilities).

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

An unsecured loan for Euro 300,000 stipulated by GST on 25 September 2007 to finance extraordinary investments made by the company. It expires on 25 September 2013 and bears interest at a rate equal to the Euribor 1 month + a 0.9% spread.

At 31 December 2011 the remaining debt amounted to Euro 112,642, Euro 63,522 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 49,120 to be repaid in 2013 (carried under long-term liabilities).

Banca Popolare di Puglia e Basilicata Loan

A loan for Euro 265,000 stipulated by Spegea S.c.a r.l. on 29 June 2011 as an advance for the FDIR 3161 framework training plan entitled “Notalikes III edizione dalla sfida alla consapevolezza” [Notalikes III edition – from Challenge to Awareness], expiring on 31 March 2012.

The nominal interest rate is 4.549%.

At 31 December 2011 the remaining debt amounted to Euro 265,000 to be paid back by 31 March 2012 (carried under short-term liabilities).

Banca Popolare di Milano Loan

A loan for Euro 250,000 stipulated by Realtech S.p.A. on 19.07.2011 expiring on 31.07.2012.

The interest rate applied is Euribor 3 months + a 2.25% spread.

At 31 December 2011 the debt amounted to Euro 146,970 to be paid back by 31 July 2012 (carried under short-term liabilities).

There are no real guarantees for this loan.

Centrobanca S.p.A. Low-interest Loan

A loan resolved for Euro 2,025,228 stipulated by Svmservice on 28 December 2004 to finance a research and development project under Law 46/82 F.I.T. Project A17/0472/P with the object: “Misura 2.1. Pacchetto Integrato Agevolazioni - PIA Innovazione prevista dal P.O.N. Sviluppo Imprenditoriale Locale” [PIA Innovation under the P.O.N. Local Entrepreneurial Development]. It expires on 5 August 2016 and bears a below-market rate of interest (0.96% yearly).

This loan was granted under decree no. 127358 of 05.08.03.

At 31 December 2011 the remaining debt amounted to Euro 936,749, Euro 186,707 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 750,042 to be repaid in 2013-2016 (carried under long-term liabilities).

There are no real guarantees for this loan.

Cassa Depositi e Prestiti Low-interest Loan/Banca Popolare di Bari Loan

Loan no. 10673/5672 for Euro 1,535,960.00 stipulated on 27.07.2009 by Svmservice to execute its development programme marked by project no. A 20/1469/P 29921-13.

The loan was provided as follows:

- a) Low-interest loan no. B 69758/01 Euro 1,244,100.00 from Cassa Depositi e Prestiti;
- b) Bank loan no. B 69758 Euro 138,236.40 from Banca Popolare di Bari.

On 14 April 2009 the first portion of the loan was provided for Euro 1,244,102.76 (Euro 1,119,690.00 of which as the low-interest loan and Euro 124,412.76 as the bank loan).

The amortisation plan for the principal is divided as follows:

Low-interest loan payable in 10 six-month instalments, the first due on 31.12.09 for Euro 110,715.11

Bank loan payable in 5 six-month instalments, the first due on 30.06.12.

The low-interest loan bears interest at a below-market rate (0.50% yearly) payable every six months (deferred).

The bank loan bears interest at a rate of 5.30% yearly payable every six months (deferred) and divided by two to calculate the six-month rate.

At 31 December 2011 the remaining amount payable for the low-interest loan totalled Euro 563,339, Euro 224,492 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 338,847 to be repaid in 2013-2014 (carried under long-term liabilities).

At 31 December 2011 the remaining debt amounted to Euro 124,413, Euro 49,104 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 75,309 to be repaid in 2013-2014 (carried under long-term liabilities).

Banca Popolare di Bari Loan

A loan for Euro 3,000,000 stipulated on 04.12.09 by Svimservice and provided on 08.01.10 to be repaid in six-month instalments starting from 30.06.11 until 31.12.14.

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

At 31 December 2011 the remaining debt amounted to Euro 2,250,000, Euro 750,000 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 1,500,000 to be repaid in 2013-2014 (carried under long-term liabilities).

There are no real guarantees for this loan.

Cajamadrid Loan

A loan for Euro 75,000 stipulated on 30 April 2010 by ProSap SL and bearing interest at a rate of 5.367%.

At 31 December 2011 the remaining debt amounted to Euro 42,792, Euro 26,498 of which should be repaid within twelve months (carried under short-term liabilities) and the remaining Euro 16,294 to be repaid in 2013 (carried under long-term liabilities).

Cajamadrid Loan

A loan for Euro 150,000 stipulated on 17 April 2009 by ProSap SL and bearing interest at a rate of 5.679%.

At 31 December 2011 the remaining debt amounted to Euro 36,566 to be paid back by 25 May 2012 (carried under short-term liabilities).

OTHER FINANCIAL LIABILITIES

At 31 December 2011 the item **“other financial liabilities”** amounted to Euro 3,215,077 compared to Euro 2,710,020 at 31 December 2010. The change is shown in the table below.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------------------------------|------------------|------------------|----------------|
| Payables for purchase of investments | 1,957,996 | 1,957,996 | - |
| Trade payables | 516,608 | 650,282 | (133,674) |
| Due to tax and social security | 262,105 | 101,742 | 160,363 |
| Payables other lenders | 478,368 | | 478,368 |
| TOTAL | 3,215,077 | 2,710,020 | 505,057 |

The item **“payables for equity investments”** refers to Euro 435,200 for the acquisition of 51.12% of Prosap to be paid in future reporting periods and Euro 1,522,796 for the earnout expected to be payable to the sellers of Prosap once the targets set at acquisition are reached.

The item **“payables to suppliers”** refers to medium/long-term payment for leased assets.

The item **“tax and social security payables”** refers to amounts payable for social security and taxes from previous years for the amount due after 12 months, which are being paid in instalments.

The item **“payables to other lenders”** refers to the non-current amount of the Realtech S.p.A.’s loan from Realtech AG.

PROVISION FOR RISKS AND CHARGES

At 31 December 2011 the item **“provision for risks and charges”** amounted to Euro 1,521,892 compared to Euro 2,183,592 at 31 December 2010. The breakdown is shown in the table below:


| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------------------|------------------|------------------|------------------|
| Fund other risks | 12,000 | - | 12,000 |
| Fund to cover losses | 87,027 | 87,294 | (267) |
| Fund for stock related risks | 40,372 | 542,960 | (502,588) |
| Fund for tax litigation risks | 777,692 | 777,692 | - |
| Fund for staff related risks | 51,775 | 48,276 | 3,499 |
| Fund for contribution related risks | 537,151 | 521,495 | 15,656 |
| Fund for tax bill related risks | 15,875 | 205,875 | (190,000) |
| TOTAL | 1,521,892 | 2,183,592 | (661,700) |

The provision of Euro 12,000 relating to the **“provision for other risks”** was set up after a service provider failed to issue a credit note for services charged but not rendered.


The provision of Euro 87,027 relating to the **“hedge fund”** was set up for the subsidiaries Farm Multimedia Srl (in liquidation) (Euro 35,381) and Al Faro Srl (in liquidation) (Euro 51,646).

The provision for Euro 40,372 relating to the **“provision for inventory risks and work in progress”** refers to possible risks related to work in progress. The change during the year is due to the fact that the provisions were revised to better reflect current estimates.

The provision for Euro 777,692 refers to the **“provision for tax dispute risks”** divided as follows:

 Euro 754,370 for the report on findings issued by the Inland Revenue Agency on 18 December 2007, which stated that illicit deductions had been made following the write-down applied in 2002 for interests in Infusion Spa and AISoftw@re Technologies & Solutions. The investigation report gave rise to five notices of assessment: (i) concerning IRPEG for 2002, (ii) concerning IRPEG and IRAP for 2003, (iii) first-level assessment of consolidated income for 2004, (iv) one second-level assessment on IRES of tax consolidation for 2004 and (v) another notice of assessment on IRAP referring to 2004. The company challenged all of these notices of assessment before the Provincial Tax Commission of Milan, which accepted our claims and issued judgments to cancel the notices of assessment. The developments of each dispute are as follows: (i) IRPEG 2002, the Inland Revenue Agency appealed the judgment relating to the 2002 assessment with a petition notified on 10 June 2011 and at the second-degree proceedings the company submitted its claims within the terms of law; (ii) IRPEG/IRAP 2003, the judgment cancelling the notice of assessment for 2003 held since the Inland Revenue Agency failed to appeal the decision; (iii)-(iv)-(v) the Inland Revenue Agency appealed the judgment to cancel the 2004 notices with petitions notified on 14 April 2011 and at the second-degree proceedings the company submitted its claims within the terms of law. The hearing was scheduled to take place on 29 March 2012.

Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same investigation report of 18 December 2007 and referring to 2005 (IRES and IRAP) and 2006 (IRES). The petitions are pending before the Provincial Tax Commission of Bari (which in the meantime accepted the petition to suspend execution of payment ordered in the assessment) and the hearing was scheduled for 7 May 2012.

 Euro 23,322 for taxes, sanctions and interest possibly due for small expenses (restaurants, entertainment and costs deducted during the year) considered by the Inland Revenue Agency to be non-deductible in 2004. They are considered the only irregularities that might be confirmed by the Tax Commission. The issue is related to the Notice of Assessment from the Inland Revenue Agency – Provincial Office of Piacenza – Audit Office, notified on 18 December 2009 for the year 2004. It is the result of a general tax audit for the 2004 financial period and an inspection of documents for VAT purposes for the 2005 and 2006 tax periods. The inspections were concluded with an inspection report issued on 7 December 2007, which states that the VAT legal rules were allegedly broken by the company as well as allegations concerning undeclared capital gains, irrelevant entertainment costs and software capitalisation. In May 2010 a petition was submitted to the Provincial Tax Commission of Piacenza. In September 2010 the Commission suspended the effects of the challenged action. The Inland Revenue Agency renounced a specific irregularity they claimed in the assessment (no. 1/2004), which called for taxing capital gains on the sale of Wel.Network Spa interests in a French company. At the first hearing held on 25 January 2011 the chairman of the commission encouraged the parties to reach a settlement and rescheduled the hearing to 8 November 2011. The parties did not reach an agreement. On 8 November the Commission acknowledged the request and ordered a hearing to take place to decide on the petition regarding 2004 and the challenge to the 2005 assessment (see herein), and postponed the hearing, which has not yet been scheduled. The outcome of the proceedings is expected to be positive for Wel.Network. The IRS did not provide sufficient evidence to prove their claims, whereas Wel.Network amply demonstrated that no illegal activity was undertaken. 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. Wel.Network Spa submitted an appeal within the terms of law. A copy of the appeal was filed with the Provincial Tax Commission of Piacenza on 10/06/2011 together with numerous documents. On 25 October 2011 the tax commission suspended the effects of the petition and file against the company. Based on the opinions of the attorneys appointed to handle the matter the

directors did not deem it necessary to set up special provisions. This position was confirmed by the fact that one of the company directors involved in the investigation and charged with misconduct was acquitted for not having committed the act. It was the public prosecutor who requested the acquittal and the judgment passed on 10 February 2012.

It should also be mentioned that proceedings under Legislative Decree no. 231/01 are in progress before the Court of Avezzano regarding Exprivia's alleged indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services (which at the time was a subsidiary of the company and now closed) in the official audit report 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23.02.2010 the judge accepted the plea of limitation for all facts prior to September 2004, while upholding only a single charge against Exprivia. At the same time, the Preliminary Hearing Judge accepted the plea for nullity of the notice of investigation submitted by Aisoftw@re Professional due to failure of notification as laid down by art. 57 of Legislative Decree no. 231/01 and ordered the return of documents to the public prosecutor under its jurisdiction. The outcome of the hearing of 23 February 2010 means Exprivia SpA is not exposed to any risk related to the issue and therefore no provision was set aside given the insignificant value of the only offence upheld, which amounts to Euro 170.00.

The allocation of Euro 51,775 to the **"provision for staff risks"** refers amounts set aside for current disputes with former employees.

The allocation of Euro 537,151 to the **"provision for grant risks"** refers amounts set aside for possible failure to receive payment of grants following final tests related to research projects.

The allocation of Euro 15,875 refers to the provision for waste management fees from previous years that are currently being assessed by the issuing entity. The change pertains to the reclassification of Euro 190,000 in tax liabilities after receiving payment injunctions.

EMPLOYEE PROVISIONS

EMPLOYEE SEVERANCE INDEMNITY FUND



The employee severance indemnity fund is calculated according to IAS 19 and at 31 December 2011 amounted to Euro 8,632,353 compared to Euro 7,743,743 at 31 December 2010. The fund is net of amounts paid to INPS and specific pension funds.

It should be noted that the provision for the financial period, amounting to Euro 2,852,463, also includes Euro 217,609 for service cost, Euro 316,015 relating to the financial component due to the application of discount rates (interest cost) and Euro -460,331 for actuarial gains/losses.

In accordance with IAS 19, actuarial valuations were carried out using the Projected Unit Credit Method. This method makes it possible to calculate employee severance indemnities accrued at a certain date based on actuarial assumptions, distributing the charge for all remaining years workers are employed. It is no longer an expense to be paid if the company winds up its business at the balance sheet date, but gradually provisioning the charge for the remaining service of employees.

The method makes it possible to calculate certain demographic and financial variables at the date of assessment, especially charges relating to service 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 amounts due to the worker (severance indemnities) arising from seniority gained at the date of assessment. It should be noted that the calculations include the 11% annual tax that weighs on the revaluation of the severance pay fund.

The method can be summarised as follows:

-  Projection of "employee severance indemnities" accrued for each worker employed at 31/12/2011 until estimated retirement;
-  Determination of probable "employee severance indemnities" for each worker employed at 31/12/2011 and for each year until estimated retirement, to be paid by the company in case of dismissal, request for advance payment, resignation, disability, retirement and death;

 Discounting each probable payment at the date of assessment.

DEFERRED TAX LIABILITIES

The item “**provision for deferred taxes**” amounted to Euro 1,314,573 compared to Euro 1,332,934 at 31 December 2010, and refers to allocations for temporary changes as a result of applying IAS/IFRS and considered recoverable in subsequent financial years.

EARNINGS (LOSS) PER SHARE

Information on figures used to calculate earnings per share and diluted earnings is provided below in accordance with IAS 33.

Earnings per share is calculated by dividing net profit for the period as reported in the consolidated financial statements drawn up in accordance with IAS/IFRS, attributable to ordinary shareholders of the Parent Company by the average number of ordinary shares in circulation during the period.

For the purpose of calculating basic earnings per share, the economic result for the period minus the amount attributable to minority interests 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.

At 31 December 2011 the basic and diluted earnings per share amounted to Euro 0.0654.

| Profits (Euro) | 31/12/2011 |
|---|------------|
| Profits for determining basic earnings per share (Net profit due to shareholders of parent company) | 3,393,473 |
| Profit for determining the earnings per basic share | 3,393,473 |
| Number of shares | 31/12/2011 |
| Number of ordinary shares at 1 January 2008 | 51,883,958 |
| Purchase of own shares at 31 december 2011 | (89,439) |
| Average weighted number ordinary shares for calculation of basic profit | 51,876,505 |
| Earnings per share (Euro) | 31/12/2011 |
| Profit (loss) per basic share | 0.0654 |
| Diluted earnings (loss) per share | 0.0654 |

CURRENT LIABILITIES

CURRENT PAYABLES TO BANKS

At 31 December 2011 the item “**current payables to banks**” amounted to Euro 38,053,114 compared to Euro 24,002,467 at 31 December 2010. Euro 19,289,062 refers to the current amount of loans (the rise is due to reclassification as described under item “non-current payables to banks”) and Euro 18,764,052 refers to current account overdrafts at major credit institutions.

PAYABLES TO SUPPLIERS

At 31 December 2011 the item “**payables to suppliers**” amounted to Euro 19,570,296 compared to Euro 11,382,040 at 31 December 2010.

ADVANCE PAYMENT FOR CONTRACT WORK IN PROGRESS

ADVANCE PAYMENTS

At 31 December 2011 the item “**advance payments**” amounted to Euro 4,662,209 compared to Euro 5,381,166 at 31 December 2010 and mainly refers to advance payments received from customers for contract work in progress.

OTHER FINANCIAL LIABILITIES

PAYABLES TO ASSOCIATES

At 31 December 2011 the item “**payables to associates**” amounted to Euro 9,941 compared to Euro 18,079 at 31 December 2010 and refers to the amounts payable to Pervoice S.p.A..

AMOUNTS PAYABLE TO OTHERS

At 31 December 2011 the item “**amounts payable to others**” amounted to Euro 10,624,293 compared to Euro 7,035,483 at 31 December 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------|-------------------|------------------|------------------|
| Derived products | 164,827 | 366,907 | (202,080) |
| Due to other | 707,665 | 100,000 | 607,665 |
| PIA Innovazione advance | 1,341,445 | 1,341,445 | - |
| CNOS project advance | 1,174,378 | 525,377 | 649,001 |
| POR Puglia advance | 1,000,328 | 1,000,328 | - |
| Payables to factoring | 6,060,362 | 3,526,138 | 2,534,224 |
| FAR ICT project advance | 175,288 | 175,288 | - |
| TOTAL | 10,624,293 | 7,035,483 | 3,588,810 |

At year-end 2011 the group assigned a portion of its receivables, mainly for amounts owed by public entities, through non-recourse factoring transactions; however, these receivables are still carried in the group financial statements even though they can be eliminated in accordance with IAS 39, while the amounts payable for Euro 6,060,362 were carried to offset the item as payables to factoring firms and so excluded from the calculation of Net Financial Position. Expenses related to this transaction are recognised in the income statement.

The table below outlines features of financial derivatives measured at fair value with an effect in the income statement and the Mark to Market value at 31 December 2011.

| Banks | Date | Expiry | Operation | Notional amount | Value Mark to market at 31/12/2011 |
|--------------|------------|------------|-----------|-----------------|------------------------------------|
| Unicredit | 27/11/2008 | 30/11/2015 | IRS | 1,902,500 | 263 |
| B.N.L. | 30/11/2008 | 30/11/2015 | IRS | 3,841,500 | (165,090) |
| Total | | | | | (164,827) |

TAX LIABILITIES

At 31 December 2011 the item “**tax liabilities**” amounted to Euro 7,686,919 compared to Euro 8,801,872 at 31 December 2010. The table below provides details on the item compared to figures from the previous financial year.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|--------------------|
| Payables to tax authority for VAT | 4,524,528 | 4,200,829 | 323,699 |
| Payables to tax authority for IRAP | 239,093 | 373,448 | (134,355) |
| Payables to tax authority for IRES | 11,067 | 2,480,641 | (2,469,574) |
| Payables to tax authority for IRPEF employees | 1,585,186 | 1,110,195 | 474,990 |
| Payables to tax authority for IRPEF freelance workers | 58,668 | 51,800 | 6,867 |
| Payables Debiti verso Erario per tassazione straordinari | 6,831 | 15,107 | (8,275) |
| Payables to tax authority for IRPEF collaborators | 22,923 | 32,031 | (9,107) |
| Payables to tax authority | 933,796 | 248,167 | 685,629 |
| Payables to tax authority for IRPEF severance fund | 61,812 | 74,094 | (12,282) |
| Payables to tax authority for Regional and Municipal add | 8,670 | 5,438 | 3,232 |
| Payables to tax authority for refuse taxes | - | 1,190 | (1,190) |
| Payables to tax authority for interest and penalties | 234,346 | 208,932 | 25,414 |
| TOTAL | 7,686,919 | 8,801,872 | (1,114,953) |

The item “amounts payable to tax authorities” includes payment injunctions and interest.

OTHER CURRENT LIABILITIES

AMOUNTS PAYABLE TO PENSION AND SOCIAL SECURITY INSTITUTIONS

The item “**amounts payable to pension and social security institutions**” amounts to Euro 4,488,200. The table below shows movements during the period and a comparison with figures at 31 December 2010:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|------------------|
| INPS with contributions | 3,311,371 | 2,438,699 | 872,672 |
| Payables to pension funds | 233,510 | 159,423 | 74,087 |
| PREVINDAI-FASI-ALDAI-INPDAL-FASDAPI-PREVINDAPI | 73,906 | 58,157 | 15,749 |
| Contributions on accrued holiday pay and year-end bonus | 823,608 | 657,975 | 165,633 |
| Payables for penalties and interest | 13,308 | - | 13,308 |
| INAIL with contributions | 32,497 | 23,277 | 9,219 |
| TOTAL | 4,488,200 | 3,337,532 | 1,150,668 |

OTHER PAYABLES

The item “**other payables**” amounted to Euro 15,811,712 compared to Euro 10,799,882 at 31 December 2010.

The table below shows the changes taking place during the period with a comparison to figures at 31 December 2010:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|-------------------|-------------------|------------------|
| Payables to employees/collaborators for expenses | 38,129 | 20,518 | 17,611 |
| Directors' pay for settlement | 57,256 | 32,705 | 24,550 |
| Employees/Collaborators for fees accrued | 4,272,260 | 4,126,027 | 146,233 |
| Debts to purchase shareholdings | 1,172,205 | 14,273 | 1,157,932 |
| Payables related to business operations | - | 31,540 | (31,540) |
| Accrued holidays, festivities, summer & yr-end bonuses | 3,820,425 | 2,530,772 | 1,289,653 |
| Payables to associations | 15,939 | 16,844 | (905) |
| Payables to partners for bids | - | 222,362 | (222,362) |
| Sundry payables | 431,120 | 273,606 | 157,514 |
| Interest and other costs of exercise | 282,953 | 263,502 | 19,451 |
| Maintenance/services/contributions competence in future years | 5,721,424 | 3,267,732 | 2,453,692 |
| TOTAL | 15,811,712 | 10,799,882 | 5,011,830 |

The item “payables for equity investments” refers to the acquisition of interests in Realtech S.p.A., SiSpa Srl, Exprivia do Brasil Serviços de Informatica and an additional 9.9% in Infaber Srl.

The change in the item “maintenance/services/grants pertaining to future financial years” mainly refers to the grant for the Regione Puglia SDI project.

INFORMATION ON THE INCOME STATEMENT

Details are provided below on the entries making up the expenses and revenue in the 2011 income statement, which was drawn up in accordance with international accounting standards (IAS/IFRS).

As mentioned in the Directors' Report under "Significant Group Data", for the purpose of comparison the figures shown below for 2011 include those of the new acquirees Realtech S.p.A. (starting on 01.04.2011), SiSpa Srl (starting on 01.07.2011) and Exprivia do Brasil Serviços de Informatica Ltda (starting on 01.11.2011).

PRODUCTION REVENUE

REVENUE

Revenue from sales and services in 2011 amounted to 106,821,525 compared to Euro 85,278,639 in 2010. See the section 'Trends in Exprivia group results' in the Report for details and information on sales revenue and performance for the business segments (including changes in inventories in progress), in accordance with IFRS 8.

The table below provides details on the revenue from sales and services (Euro 106,821,525), including changes in inventories for products in progress (Euro – 48,474) and changes in contract work in progress (Euro 9,003,687) in 2011, compared to 2010 figures and broken down by business segment (in K Euro).

| Group Exprivia (value in K €) | 31/12/2011 | 31/12/2010 | Variazione % |
|--------------------------------------|----------------|---------------|--------------|
| BL Bank, Finance e Insurance | 17,354 | 11,646 | 49% |
| BL Industry & Media | 18,201 | 13,104 | 39% |
| BL Government, Trasports & Utilities | 23,164 | 14,142 | 64% |
| BL Oil, Gas & Telco | 14,294 | 11,867 | 20% |
| BL Health and Local Bodies | 32,954 | 40,778 | -19% |
| Spain and Centre America Area | 8,215 | 3,164 | 160% |
| Other | 1,594 | 1,960 | -19% |
| Total | 115,777 | 96,662 | 20% |

The table below provides details on 2011 revenue, compared with 2010 figures, broken down by business segment (in K €).

| Group Exprivia (value in K €) | 31/12/2011 | 31/12/2010 | Variazione % |
|-------------------------------|----------------|---------------|--------------|
| Projects and services | 99,146 | 77,953 | 27% |
| Maintenance | 9,704 | 5,870 | 65% |
| HW/SW third parties | 2,949 | 6,072 | -51% |
| Own licences | 2,384 | 4,807 | -50% |
| Other | 1,594 | 1,960 | -19% |
| Total | 115,777 | 96,662 | 20% |

OTHER INCOME

OTHER REVENUE AND INCOME

In 2011 “**other revenue and income**” amounted to Euro 1,985,185 compared to Euro 1,559,632 in the same period of the previous year. The table below provides details on the items.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|----------------|
| Contingency assets | 1,723,669 | 1,252,636 | 471,033 |
| Rental income with subsidiary company | 18,169 | 42,483 | (24,314) |
| Travel expenses to be charged to clients | - | 8,578 | (8,578) |
| Other revenue | 108,118 | 164,915 | (56,797) |
| Pay in lieu of notice | 10,581 | 12,750 | (2,169) |
| Income from assignment of vehicles to staff | 124,126 | 46,279 | 77,847 |
| capital gains | 522 | 31,991 | (31,469) |
| TOTAL | 1,985,185 | 1,559,632 | 425,553 |

GRANTS FOR OPERATING EXPENSES

2011 “**grants for operating expenses**” amounted to Euro 1,032,192 compared to Euro 587,118 in 2010 and refer to grants and tax breaks pertaining to the period or authorised in the period for development projects.

CHANGES IN INVENTORIES

CHANGES IN INVENTORIES OF PRODUCTS IN PROGRESS, SEMI-FINISHED AND FINISHED

In 2011 the item “**changes in inventories of products in progress, semi-finished and finished**” amounted to Euro -48,474 compared to Euro -43,509 in the same period the previous year. It refers to changes in finished products for the medical sector held by the Parent Company and its subsidiaries GST and Svimservice.

CHANGES IN CONTRACT WORK IN PROGRESS

In 2011 the item “**contract work in progress**” amounted to Euro 9,003,687 compared to Euro 11,427,049 at 31 December 2010 and refers to the change in contract work in progress pertaining to the reporting period.

INCREASES IN FIXED ASSETS FOR INTERNAL WORK

In 2011 the item “**increases in fixed assets for internal work**” amounted to Euro 1,837,504 compared to Euro 1,236,959 in 2010 and mainly refers to expenses incurred in the period to develop products for the banking, healthcare and manufacturing sectors.

COST OF PRODUCTION

RAW MATERIALS, CONSUMABLES AND GOODS

In 2011 the item “**raw materials, consumables and goods**” amounted to Euro 6,736,024 compared to Euro 8,263,281 in the same period of the previous year. The table below provides details on the items.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|--------------------|
| Purchase of HW-SW products | 3,971,892 | 5,449,319 | (1,477,427) |
| Purchase of HW-SW maintenance | 1,300,737 | 1,998,445 | (697,708) |
| Purchase of equipment for plant | - | 52,259 | (52,259) |
| Stationery and consumables | 127,898 | 119,974 | 7,924 |
| Fuel and oil | 286,170 | 141,270 | 144,900 |
| Transport and freight rates on purchases | 7,215 | 6,216 | 999 |
| Purchase of sundries | 22,583 | 92,456 | (69,873) |
| Warranty services on our customers activities | 1,019,527 | 276,582 | 742,945 |
| TOTAL | 6,736,024 | 8,263,281 | (1,400,565) |

STAFF COSTS

In 2011 the item “**staff costs**” amounted to Euro 70,249,449 compared to Euro 54,758,498 in 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------------|-------------------|-------------------|-------------------|
| Salaries and wages | 52,435,427 | 40,546,908 | 11,888,519 |
| Social charges | 13,973,411 | 10,672,275 | 3,301,136 |
| Severance Pay | 2,852,463 | 2,805,969 | 46,494 |
| Other staff costs | 988,148 | 733,346 | 254,802 |
| TOTAL | 70,249,449 | 54,758,498 | 15,490,951 |

The number of group employees at 31 December 2011 amounted to 2,011 workers, 1,923 of which contract employees and 88 temporary workers, compared to 1,394 (1,312 contract employees and 82 temporary workers) at 31 December 2010.

OTHER COSTS

OTHER COSTS FOR SERVICES

In 2011 the item “other costs for services” amounted to Euro 24,478,703 compared to Euro 17,350,622 in 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|-------------------|-------------------|------------------|
| Technical and commercial consultancy | 10,641,606 | 7,326,632 | 3,314,975 |
| Administrative/company/legal consultancy | 1,460,432 | 1,048,546 | 411,885 |
| Consultancy to subsidiary companies | 10,159 | 15,065 | (4,906) |
| Data processing service | 1,262,944 | 1,319,745 | (56,801) |
| Auditors' fees | 302,910 | 234,585 | 68,325 |
| Travel and transfer expenses | 3,765,835 | 2,631,882 | 1,133,953 |
| Other staff costs | 255,742 | 245,873 | 9,869 |
| Utilities | 1,230,157 | 968,461 | 261,697 |
| Advertising and agency expenses | 513,468 | 400,395 | 113,073 |
| HW and SW maintenance | 718,295 | 714,168 | 4,127 |
| Insurance | 383,954 | 268,843 | 115,112 |
| Costs of temporary staff | 2,360,772 | 1,275,321 | 1,085,451 |
| Other costs | 1,393,801 | 901,106 | 492,695 |
| Mail services | 178,627 | | 178,627 |
| TOTAL | 24,478,703 | 17,350,622 | 7,128,081 |

The statement below is provided in accordance with art. 149-*duodecies* of CONSOB Issuer Regulations to show amounts paid to the independent auditors in 2011.

The fees are shown gross of the CONSOB contribution.

| Description | Entity providing the services | Target company | Fees for year 2011 |
|--------------------|-------------------------------|--|--------------------|
| Audit | PKF Italia S.p.A. | Exprivia S.p.A. (Capogruppo) | 111,070 |
| Other services (1) | PKF Italia S.p.A. | Exprivia S.p.A. (Capogruppo) | 33,733 |
| Audit | PKF Italia S.p.A. | Exprivia Projects S.p.A. | 15,244 |
| Limited revue | PKF Italia S.p.A. | Exprivia SL | 2,569 |
| Audit | PKF Italia S.p.A. | Exprivia Solutions S.p.A. | 25,073 |
| Audit | PKF Italia S.p.A. | Gruppo Soluzioni Tecnologiche S.r.l. - GST | 12,106 |
| Limited revue | PKF Italia S.p.A. | InFaber S.r.l. | 2,569 |
| Audit | PKF Italia S.p.A. | Realttech S.p.A. | 15,297 |
| Audit | PKF Italia S.p.A. | SiSpa Srl | 15,297 |
| Audit | PKF Italia S.p.A. | Spegea S. c.a.r.l. | 11,727 |
| Audit | PKF Italia S.p.A. | Svimservice S.p.A. | 26,847 |
| Audit | PKF Italia S.p.A. | Wel.Network S.p.A. | 22,467 |
| TOTAL | | | 293,999 |

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

COSTS FOR LEASED ASSETS

In 2011 the item "**costs for leased assets**" amounted to Euro 3,643,538 compared to Euro 2,290,743 in the same period of the previous year. The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|------------------------|------------------|------------------|------------------|
| Rental expenses | 1,637,429 | 881,261 | 756,168 |
| Car rental/leasing | 1,184,338 | 633,080 | 551,258 |
| Rental of other assets | 708,141 | 627,273 | 80,868 |
| Royalties | 83,669 | 133,806 | (50,137) |
| Leasing payments | 21,368 | 15,324 | 6,044 |
| Other costs | 8,593 | - | 8,593 |
| TOTAL | 3,643,538 | 2,290,743 | 1,352,795 |

SUNDRY OPERATING EXPENSES

In 2011 the item "**sundry operating expenses**" amounted to Euro 1,435,631 compared to Euro 968,489 in 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|------------------------------|------------------|----------------|----------------|
| Annual subscriptions | 135,816 | 89,443 | 46,373 |
| Books and magazines | 31,436 | 31,921 | (485) |
| Taxes | 194,874 | 127,624 | 67,251 |
| Stamp duty | 67,675 | 32,106 | 35,569 |
| Penalties and fines | 45,783 | 32,534 | 13,249 |
| Charitable donations | 15,244 | 53,193 | (37,949) |
| Contingency liabilities | 482,791 | 321,552 | 161,239 |
| Bank charges and commissions | 293,012 | 212,359 | 80,652 |
| Write-offs | 24,004 | 10,161 | 13,843 |
| Sundry expenses | 141,293 | 57,005 | 84,287 |
| Penalties and damages | 3,703 | - | 3,703 |
| Capital losses on disposals | - | 590 | (590) |
| TOTAL | 1,435,631 | 968,489 | 467,142 |

INVENTORIES AND PROVISIONS

In 2011 the item “**inventories and provisions**” amounted to Euro 214,392 compared to Euro 1,161,810 in 2010.

The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|----------------|------------------|------------------|
| Provision for inventory devaluation risk / work in progress | 2,226 | 542,960 | (540,734) |
| Provision for tax litigation risks | - | 554,370 | (554,370) |
| Provision for risk testing research project | 212,166 | 64,480 | 147,686 |
| TOTAL | 214,392 | 1,161,810 | (947,418) |

The item “provision for research project risks” mainly refers to provisions for risks related to tests for research projects that received financing.

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

AMORTISATION AND DEPRECIATION

In 2011 “**amortisation and depreciation**” amounted to Euro 2,660,816 compared to Euro 2,593,572 in 2010 and refers to Euro 1,785,540 for intangible assets and Euro 875,276 for tangible assets. Details on these items are provided in the notes to the balance sheet under “tangible and intangible assets”.

OTHER WRITE-DOWNS

The item “**other write-downs**” amounts to Euro 158,294 compared to Euro 301,345 in 2010.

DOUBTFUL RECEIVABLES INCLUDED IN CURRENT ASSETS

The balance of “**write-downs**” amounted to Euro 168,663 compared to a Euro 480,103 in 2010 and refers to doubtful receivables unlikely to be collected.

FINANCIAL INCOME AND CHARGES

INCOME FROM PARENT COMPANIES

In 2011 the item “**income from parent companies**” amounted to Euro 16,970 compared to Euro 13,491 in 2010 and refers to interest accrued by the Parent Company Abaco Innovazione S.p.A. for a loan with the subsidiary Exprivia Solutions S.p.A.

INCOME FROM EQUITY INVESTMENTS

In 2011 the item “**income from equity investments**” amounted to Euro 669 compared to Euro 951 in 2010.

OTHER FINANCIAL INCOME

In 2011 the item “**other financial income**” amounted to Euro 320,805 compared to Euro 33,052 in 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------------------|----------------|---------------|----------------|
| Bank interest receivable | 29,746 | 10,139 | 19,608 |
| Revenues from financial derivatives | 271,616 | - | 271,616 |
| Interest income from securities | - | 1,144 | (1,144) |
| Other interest income | 3,007 | 21,294 | (18,287) |
| Rounding up of assets | 16,436 | 475 | 15,961 |
| TOTAL | 320,805 | 33,052 | 287,753 |

INTEREST AND OTHER FINANCIAL CHARGES

In 2011 the item “**interest and other financial charges**” amounted to Euro 2,569,749 compared to Euro 1,994,217 in the same period of the previous year. The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|----------------|
| Bank interest payable | 1,161,368 | 685,513 | 475,855 |
| Interest on loans and mortgages | 1,065,446 | 831,448 | 233,998 |
| Sundry interest | 151,010 | 229,862 | (78,853) |
| Charges on financial products and sundry items | 166,243 | 232,686 | (66,443) |
| Rounding up/down | 25,682 | 2,208 | 23,474 |
| Substitute tax on funding | - | 12,500 | (12,500) |
| TOTAL | 2,569,749 | 1,994,217 | 575,532 |

PROFIT AND LOSS ON CURRENCY EXCHANGE

In 2011 "**profit on currency exchange**" amounted to Euro 27,139 compared to Euro 28,023 in 2010.

INCOME TAX

In 2011 "**income tax**" amounted to Euro 5,475,654 compared to Euro 5,029,426 in 2010 and refers to tax provisions, namely Euro 2,336,943 for IRES, Euro 2,615,437 for IRAP, Euro 49,646 for deferred taxes, and Euro 473,628 for prepaid taxes.

The Parent Company Exprivia S.p.A. acts as the consolidating company and determines a single taxable result for the companies under National Tax Consolidation in accordance with art. 117 of T.U.I.R..

Each company under Tax Consolidation contributes taxable income or tax loss to Exprivia S.p.A. as a payable/receivable for the consolidating company, depending on their IRES.

YEAR-END PROFIT (LOSS)

The 2011 income statement closed with a consolidated profit (after tax) of Euro 3,206,289.



INFORMATION ON THE CASH FLOW STATEMENT

The **consolidated net financial position** as at 31 December 2011 was Euro -44.3 million, compared to Euro -39.7 million as at 31 December 2010, and 31% comprises long-term loans.

Despite the increase in contract work in progress, up by about Euro 9 million, and investments for Euro 7.6 million, 0.7 of which for the acquisition of Realtech and 3.3 for SiSpa, and the distribution of a Euro 2.0 million dividend in 2010, the change in liquidity basically remained stable (Euro 4.6 million). The ratio between the net financial position and value of production improved and fell to 37% in 2011 from 40% in 2010. The ratio between net working capital and value of production also improved and went down from 38% in 2010 to 33% in 2011.

STATEMENT FOR CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER AND CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED

The undersigned Domenico Favuzzi, Chairman and CEO, and Donato Dalbis, executive responsible for preparing the corporate accounts of Exprivia S.p.A., certify the following, taking into account the provisions of Art. 154-bis (3, 4) of Legislative Decree no. 58 of 24 February 1998:

-  Adequacy, in relation to the characteristics of the group and
-  Actual application

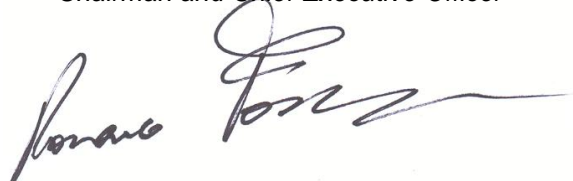
of administrative and accounting procedures to draft the consolidated financial statements for the reporting period at 31 December 2011.

Furthermore, it is certified that the financial statements:

- a) Correspond to accounting records;
- b) were been prepared in accordance with International Financial Reporting Standards, which were adopted by the European Commission with regulation 1725/2003 as amended, and are suitable for giving an accurate and correct representation of the equity, economic and financial situation of the company.
- c) The Directors' Report for the group includes a reliable analysis that is consistent with the financial statements, operating trends and results, and also the situation of the company and group of subsidiaries included in consolidation, together with the description of the main risks and uncertainties.

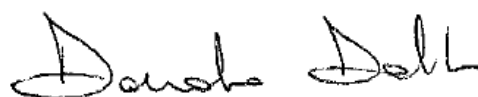
Molfetta, 13 March 2012

Chairman and Chief Executive Officer



Domenico Favuzzi

Executive Responsible for Preparing Corporate Accounting Documents





Donato Dalbis

Report by the Board of Directors of Exprivia S.p.A.

In addition to coordinating the other companies in the group, the Parent Company Exprivia S.p.A plays an industrial role which includes research & development, developing solutions and projects, customer service and, naturally, sales support.

These industrial activities are geared towards the same business segments, and so markets, covered by the group.

Thus, the Directors' Report accompanying the consolidated financial statements should be referred to for information on the following areas:

-  Corporate Bodies
-  Exprivia: one step ahead
-  Values and Principles
-  The Exprivia Business Model
-  2011 Market Trends
-  Markets
-  Investments
-  Events and Sponsorships
-  Risk and Uncertainties
-  Significant Events
-  Events after 31 December 2011
-  Exprivia's Stock Market Performance
-  Human Resources
-  Management and Control Organisation Model (pursuant to Legislative Decree no. 231/2001)
-  Quality Assurance Certification
-  Programmatic Document on Security under Legislative Decree no. 196/2003
-  Business Outlook

SIGNIFICANT DATA

The table below outlines the main economic, capital and financial data of the company.

| | 31.12.2011 | 31.12.2010 |
|---|--------------|--------------|
| Total production revenues | 63,773,970 | 59,128,728 |
| net proceeds and variation to work in progress to order | 60,277,478 | 56,104,534 |
| increase to assets for internal work | 1,335,548 | 993,374 |
| other proceeds and contributions | 2,160,944 | 2,030,820 |
| Difference between costs and production proceeds (EBITDA) | 2,769,906 | 5,481,005 |
| % on production proceeds | 4.34% | 9.27% |
| Net operating result (EBIT) | 697,744 | 3,400,295 |
| % on production proceeds | 1.09% | 5.75% |
| Net result | 3,215,443 | 5,308,350 |
| Group net equity | 62,136,290 | 60,754,978 |
| Total assets | 156,881,166 | 134,649,978 |
| Capital stock | 26,979,658 | 26,979,658 |
| Net working capital (1) | 17,734,217 | 18,884,856 |
| Cash flow (2) | 5,109,838 | 7,322,682 |
| Fixed capital (3) | 88,617,206 | 79,767,098 |
| Investment | 10,024,403 | 4,411,450 |
| Cash resources/bonds (a) | 3,113,527 | 3,645,308 |
| Short-term financial debts (b) | (28,462,560) | (14,292,015) |
| Medium-/long-term financial debts (c) | (10,870,819) | (18,586,352) |
| Net financial position (4) | (36,219,851) | (29,233,059) |

(1) - "net working capital" is calculated as the sum of total current assets less liquidity and total current liabilities plus current bank loans

(2) - Cash flow is calculated as the sum of net profit adjusted by amortisation changes in employee severance indemnities

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

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

The table below shows the main economic indicators of the company for 2011 compared to 2010.

| Exprivia | 31/12/2011 | 31/12/2010 |
|---|------------|------------|
| Index ROE (Net income / equity capital) | 5.17% | 8.74% |
| Index ROI (EBIT / Net Capital Invested) | 0.71% | 3.78% |
| Index ROS (EBIT / Revenues) | 1.32% | 7.31% |
| Financial charges / Net profit | 55.94% | 26.71% |

The table below shows the main capital and financial indicators of the company as at 31 December 2011 and at 31 December 2010.

| Exprivia | 31/12/2011 | 31/12/2010 |
|---|------------|------------|
| Net Financial Debt / Equity Capital | 0.58 | 0.48 |
| Debt ratio (Total Liabilities / Equity Capital) | 2.52 | 2.22 |

In 2011 Exprivia reported "**profit on currency exchange**" amounting to Euro 63.8 million compared to Euro 59.1 million in 2010.

EBITDA amounted to Euro 2.8 million compared to Euro 5.5 million in 2010.

EBIT amounted to Euro 0.7 million compared to Euro 3.4 million in 2010.

Net profit amounted to Euro 3.2 million compared to Euro 5.3 million in 2010.

The **net financial position** as at 31 December 2011 was Euro -36.2 million, compared to Euro -29.2 million as at 31 December 2010, 31% comprises medium/long-term loans at below-market interest rates. The Euro 7.0 million decrease derives from positive cash flow from current and financial assets amounting to Euro 3.9 million, and investments for Euro 10.9 million.

At 31 December 2011 **net equity** amounted to Euro 62.1 compared to Euro 60.7 at 31 December 2010.

OWN SHARES

At 31 December 2011 Exprivia held 89,439 own shares.

EXPRIVIA SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2011 Domenico Favuzzi, Chairman and CEO of Exprivia S.p.A., held 267,734 Exprivia shares. In addition, 16,900 Exprivia shares were held by the vice chairman Dante Altomare, 134,998 shares by the independent director Giorgio De Porcellinis, and 7,000 shares by Valeria Savelli.

None of the other members of the Board of Directors, their spouses not legally separated, or their underage children hold, directly or indirectly, any shares in Exprivia S.p.A.

INTER-COMPANY RELATIONS

The Group companies constantly collaborate with each other to optimise human resources and for technological and application development.

Transactions between Exprivia S.p.A. and the companies included in consolidation essentially consist in services and the exchange of software products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved.

The tables below show amounts for commercial relations (first table) and financial relations (second table) with companies included in consolidation.

Trade receivables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|----------------|
| Datilog S.r.l. | 160,676 | 12,797 | 147,879 |
| Exprivia Projects S.p.A. | (35,833) | 188,646 | (224,479) |
| Exprivia Solutions S.p.A. | 301,469 | 440,201 | (138,732) |
| GST S.r.l. | 58,106 | 65,495 | (7,389) |
| Infaber S.r.l. | 43,111 | 54,445 | (11,334) |
| Realtech S.p.A. | 5,160 | | 5,160 |
| SiSpa Srl | (12,346) | | (12,346) |
| Spegea S.c. a.r.l. | 57,918 | 93,763 | (35,845) |
| Svimservice S.p.A. | 597,183 | 437,288 | 159,895 |
| Wel.Network S.p.A. | 6,149,575 | 5,510,108 | 639,467 |
| TOTAL | 7,325,019 | 6,802,743 | 522,276 |

Financial Receivables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|------------------|
| Exprivia Projects S.p.A. | 113,777 | 824,197 | (710,420) |
| Exprivia SL | 30,000 | | 30,000 |
| Exprivia Solutions S.p.A. | 1,715,372 | 353,467 | 1,361,905 |
| ProSap Group | 1,794,083 | 300,000 | 1,494,083 |
| GST S.r.l. | | 2,318 | (2,318) |
| Infaber S.r.l. | 46,176 | 42,080 | 4,096 |
| Spegea S.c. a.r.l. | 100,000 | 100,000 | |
| Svimservice S.p.A. | 373,063 | 33,812 | 339,251 |
| Wel.Network S.p.A. | 106,301 | (80,455) | 186,756 |
| TOTAL | 4,278,772 | 1,575,419 | 2,703,353 |

Trade Payables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|------------------|
| Datilog S.r.l. | 9,052 | 14,100 | (5,048) |
| Exprivia Projects S.p.A. | 748,244 | 23,882 | 724,362 |
| Exprivia Solutions S.p.A. | 497,149 | 264,969 | 232,180 |
| ProSap SL | 41,315 | | 41,315 |
| GST S.r.l. | 71,370 | 135,201 | (63,831) |
| Realtech S.p.A. | 944,084 | | 944,084 |
| Spegea S.c. a.r.l. | 17,767 | 52,084 | (34,317) |
| Svimservice S.p.A. | 43,410 | 14,441 | 28,969 |
| Wel.Network S.p.A. | 2,518,834 | 1,087,121 | 1,431,713 |
| TOTAL | 4,891,225 | 1,591,798 | 3,299,427 |

Financial Payables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|----------------|------------------|
| Exprivia Projects S.p.A. | 1,689,255 | | 1,689,255 |
| Exprivia Solutions S.p.A. | | 446,416 | (446,416) |
| GST S.r.l. | 26,476 | | 26,476 |
| Infaber S.r.l. | 300,000 | | 300,000 |
| Realtech S.p.A. | 73,440 | | 73,440 |
| SiSpa Srl | 1,914,809 | | 1,914,809 |
| Svimservice S.p.A. | 50,000 | 50,000 | |
| TOTAL | 4,053,980 | 496,416 | 3,557,564 |

Trade Costs

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|-------------------|------------------|------------------|
| Exprivia Projects S.p.A. | 3,837,608 | 123,914 | 3,713,694 |
| Exprivia Solutions S.p.A. | 3,270,712 | 2,708,945 | 561,767 |
| GST S.r.l. | 213,811 | 273,050 | (59,239) |
| Network Services S.r.l. | 25,566 | 10,000 | 15,566 |
| ProSap SL | 86,587 | | 86,587 |
| Realtech S.p.A. | 825,367 | | 825,367 |
| Spegea S.c. a.r.l. | 22,605 | 66,389 | (43,784) |
| Svimservice S.p.A. | 229,404 | 23,329 | 206,075 |
| Wel.Network S.p.A. | 3,587,512 | 2,324,308 | 1,263,204 |
| TOTAL | 12,099,171 | 5,529,935 | 6,569,236 |

Financial Costs

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|---------------|--------------|--------------|
| Exprivia Solutions S.p.A. | 121 | 9,395 | (9,274) |
| Infaber S.r.l. | 264 | | 264 |
| SiSpa Srl | 12,346 | | 12,346 |
| Svimservice S.p.A. | 750 | 500 | 250 |
| TOTAL | 13,481 | 9,895 | 3,586 |

Trade Revenue

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|----------------|
| Exprivia Projects S.p.A. | 254,337 | 352,767 | (98,430) |
| Exprivia Solutions S.p.A. | 1,651,570 | 1,561,702 | 89,868 |
| GST S.r.l. | 44,600 | 49,877 | (5,277) |
| Infaber S.r.l. | 136,448 | 181,615 | (45,167) |
| Network Services S.r.l. | 162,051 | 9,377 | 152,674 |
| Realtech S.p.A. | 4,320 | | 4,320 |
| Spegea S.c. a.r.l. | 90,754 | 131,406 | (40,652) |
| Svimservice S.p.A. | 1,065,752 | 659,857 | 405,895 |
| Wel.Network S.p.A. | 4,884,733 | 5,234,714 | (349,981) |
| TOTAL | 8,294,565 | 8,181,315 | 113,250 |

Financial Income/Charges

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|----------------|
| Exprivia Projects S.p.A. | 23,628 | 14,481 | 9,147 |
| Exprivia Solutions S.p.A. | 911,006 | 1,108,955 | (197,949) |
| ProSap SL | 31,172 | | 31,172 |
| Svimservice S.p.A. | 4,111,020 | 3,955,676 | 155,344 |
| TOTAL | 5,076,826 | 5,079,112 | (2,286) |

RELATIONS WITH ASSOCIATES

Transactions between Exprivia S.p.A. and the companies included in consolidation essentially consist in services and the exchange of software products. They are part of ordinary operations conducted at market conditions, meaning at the conditions that would be applied between independent parties. All transactions are carried out in the interest of the companies involved.

The tables below show amounts involved for commercial and financial relations with associates.

Trade Payables

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-----------------|--------------|---------------|----------------|
| Pervoice S.p.A. | 9,941 | 18,079 | (8,138) |
| TOTAL | 9,941 | 18,079 | (8,138) |

Trade Costs

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-----------------|---------------|---------------|--------------|
| Pervoice S.p.A. | 19,159 | 15,065 | 4,094 |
| TOTAL | 19,159 | 15,065 | 4,094 |

RELATIONS WITH PARENT COMPANIES

For information concerning relations with parent companies see the group report under the sections "Group Relations with Parent Companies" and "Report on Management and Coordination Activities".

Exprivia S.p.A. Financial Statements

EXPRIVIA - BALANCE SHEET

| | 31.12.2011 | 31.12.2010 |
|---|-------------------|-------------------|
| NON-CURRENT ASSETS | | |
| Property, plant & machinery | 7,472,369 | 7,586,445 |
| Land and buildings | 6,353,083 | 6,586,465 |
| Assets under construction and payments on account | 231,469 | 96,516 |
| Other assets | 887,818 | 903,465 |
| Goodwill and other undefined assets | 26,305,768 | 26,215,203 |
| Goodwill | 26,305,768 | 26,215,203 |
| Other intangible assets | 2,952,911 | 2,840,549 |
| Intangible assets | 252,528 | 42,204 |
| Research and development costs | 2,700,383 | 2,798,345 |
| Shareholdings | 49,679,013 | 41,756,174 |
| Shareholdings in subsidiaries | 48,160,938 | 40,298,483 |
| Shareholdings in associated companies | 30,000 | |
| Shareholdings in other companies | 1,488,075 | 1,457,691 |
| Other financial assets | 1,537,785 | 366,800 |
| Receivables to subsidiaries | 1,537,785 | 353,467 |
| Other accounts receivable | | 13,333 |
| Deferred tax assets | 669,360 | 1,001,927 |
| Tax advances/deferred taxes | 669,360 | 1,001,927 |
| TOTAL NON-CURRENT ASSETS | 88,617,206 | 79,767,098 |

| | 31.12.2011 | 31.12.2010 |
|-------------------------------------|--------------------|--------------------|
| CURRENT ASSETS | | |
| Trade receivables and others | 47,716,453 | 41,402,857 |
| Receivables to customers | 25,666,173 | 24,411,969 |
| Receivables to subsidiaries | 10,066,006 | 7,999,879 |
| Receivables to parent companies | 229,713 | 223,713 |
| Other accounts receivable | 10,948,988 | 8,550,422 |
| Tax credits | 805,573 | 216,874 |
| Stock | 60,912 | 110,062 |
| Stock | 60,912 | 110,062 |
| Work in progress to order | 17,373,067 | 9,724,336 |
| Work in progress to order | 17,373,067 | 9,724,336 |
| Current financial assets | | 318 |
| Other bonds | | 318 |
| Cash resources | 3,113,527 | 3,645,308 |
| Current banks | 3,109,365 | 3,643,257 |
| Cheques and unrepresented effects | 4,163 | 2,052 |
| TOTAL CURRENT ASSETS | 68,263,960 | 54,882,880 |
| TOTAL ASSETS | 156,881,166 | 134,649,978 |

| | 31.12.2011 | 31.12.2010 |
|-----------------------------------|-------------------|-------------------|
| NET WORTH | | |
| Capital stock | 26,979,658 | 26,979,658 |
| Capital stock | 26,979,658 | 26,979,658 |
| Own shares | (46,508) | |
| Own shares | (46,508) | |
| Premium reserve | 18,081,738 | 18,081,738 |
| Share premium | 18,081,738 | 18,081,738 |
| Revaluation reserve | 2,907,138 | 2,907,138 |
| Revaluation reserve | 2,907,138 | 2,907,138 |
| Other reserves | 10,998,820 | 7,478,093 |
| Legal reserve | 3,021,831 | 621,831 |
| Extraordinary Reserve | 189,823 | 5,373,534 |
| | 7,904,776 | |
| Other reserves | 106,283 | 1,706,621 |
| IAS tax effect | (223,893) | (223,893) |
| Profit/Loss for the period | 3,215,443 | 5,308,350 |
| TOTAL NET WORTH | 62,136,290 | 60,754,978 |

| | 31.12.2011 | 31.12.2010 |
|---|-------------------|-------------------|
| NON-CURRENT LIABILITIES | | |
| Payables to non-current banks | 10,870,819 | 18,586,352 |
| Payables to non-current banks | 10,870,819 | 18,586,352 |
| Other financial liabilities | 2,517,719 | 2,328,160 |
| Payables to subsidiaries | 50,000 | 50,000 |
| Payables for tax and social security beyond the peric | 262,105 | 71,972 |
| | 1,957,996 | 1,957,996 |
| Payables to suppliers beyond the period | 247,617 | 248,192 |
| Provision for risks and charges | 1,313,703 | 2,000,047 |
| Other provisions | 1,313,703 | 2,000,047 |
| Staff-related funds | 3,211,066 | 3,329,384 |
| Severance pay | 3,211,066 | 3,329,384 |
| Deferred tax liabilities | 952,795 | 1,006,325 |
| Deferred tax funds | 952,795 | 1,006,325 |
| TOTAL NON-CURRENT LIABILITIES | 18,866,101 | 27,250,269 |

| | 31.12.2011 | 31.12.2010 |
|--|--------------------|--------------------|
| CURRENT LIABILITIES | | |
| Payables to current banks | 28,462,560 | 14,292,015 |
| Payables to current quota banks | 28,462,560 | 14,292,015 |
| Payables to suppliers | 13,553,671 | 6,471,783 |
| Payables to suppliers | 13,553,671 | 6,471,783 |
| Advances on work in progress to order | 2,738,724 | 3,282,558 |
| Payments on account | 2,738,724 | 3,282,558 |
| Other financial liabilities | 15,884,835 | 8,131,105 |
| Payables to subsidiaries | 8,895,205 | 2,038,213 |
| Payables to associated companies | 9,941 | 18,079 |
| Other accounts payable | 6,979,689 | 6,074,813 |
| Tax debits | 2,545,391 | 5,434,747 |
| Tax debits | 2,545,391 | 5,434,747 |
| Other current liabilities | 12,693,594 | 9,032,523 |
| Payables to welfare and social security institutions | 2,207,192 | 1,949,246 |
| Other payables | 10,486,402 | 7,083,277 |
| TOTAL CURRENT LIABILITIES | 75,878,775 | 46,644,731 |
| TOTAL LIABILITIES | 156,881,166 | 134,649,978 |

EXPRIVIA - INCOME STATEMENT



| | 31.12.2011 | 31.12.2010 |
|---|-------------------|-------------------|
| Revenues | 52,675,670 | 46,532,988 |
| Proceeds of sales and services | 52,675,670 | 46,532,988 |
| Other revenues | 2,160,944 | 2,030,820 |
| Other proceeds | 1,266,812 | 1,552,121 |
| Invest. grants trf to P&L account | 894,132 | 478,699 |
| Variation in stock of finished products and products being processed | 8,937,357 | 10,564,919 |
| Var. stock of products being processed, semi-finishe | (46,923) | (87,842) |
| Variation in work in progress to order | 7,648,731 | 9,659,388 |
| Increase in assets for internal work | 1,335,548 | 993,374 |
| TOTAL PRODUCTION REVENUES | 63,773,970 | 59,128,728 |
| Raw materials and consumables used | 4,568,641 | 7,355,180 |
| Costs of raw, subsid. & consumable mat. and goods | 4,568,641 | 7,355,180 |
| Costs connected with employee-related benefits | 32,906,438 | 29,399,482 |
| Salaries and wages | 24,446,454 | 21,881,509 |
| Social charges | 6,487,182 | 5,624,170 |
| Severance Pay | 1,419,019 | 1,494,865 |
| Other staff costs | 553,783 | 398,939 |
| Other costs | 23,528,985 | 16,893,060 |
| Other costs for services | 21,126,753 | 13,793,216 |
| Costs for leased assets | 1,658,846 | 1,568,937 |
| Sundry management charges | 528,993 | 412,057 |
| Stock and payments on account | 214,392 | 1,118,850 |
| TOTAL PRODUCTION COSTS | 61,004,064 | 53,647,723 |
| DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES | 2,769,906 | 5,481,005 |

| | 31.12.2011 | 31.12.2010 |
|--|--------------------|--------------------|
| Depreciation and devaluation | 2,072,162 | 2,080,710 |
| Ordinary amortisement of intangible assets | 1,468,421 | 1,365,876 |
| Ordinary amortisement of tangible assets | 544,292 | 579,483 |
| Other devaluation of assets | | 5,497 |
| Devaluation of credits included in working capital | 59,449 | 129,854 |
| OPERATIVE RESULT | 697,744 | 3,400,295 |
| Proceeds and financial charges | (3,565,152) | (3,687,525) |
| Proceeds from shareholdings from subsidiaries | (4,994,522) | (5,050,625) |
| Proceeds from shareholdings from others | (82,304) | (28,487) |
| Other proceeds with separate indication | (298,726) | (7,096) |
| Interest and other financial charges | 1,798,631 | 1,417,722 |
| Charges from subsidiaries | 13,481 | 9,895 |
| Profit and loss on foreign exchange | (1,711) | (28,934) |
| PRE-TAX RESULT | 4,262,895 | 7,087,820 |
| Income tax | 1,047,452 | 1,779,470 |
| IRES | (232,594) | 701,794 |
| IRAP | 1,104,006 | 1,242,000 |
| Deferred taxes | (53,530) | (74,907) |
| Tax paid in advance | 229,570 | (89,417) |
| PROFIT OR LOSS FOR THE PERIOD | 3,215,443 | 5,308,350 |

Comprehensive Income Statement (*) for Financial Years at 31 December 2011 and 31 December 2010

| Description | 31/12/2011 | 31/12/2010 |
|--|------------------|------------------|
| Profit for the period | 3,215,443 | 5,308,350 |
| Net income (loss) from the change in costs for stock option exercise | | (13,460) |
| Net income (loss) from sale of own shares | | 117,247 |
| <i>Net income / (expense) for the period recognized in equity</i> | - | 103,787 |
| Total comprehensive income | 3,215,443 | 5,412,137 |

(*) It should be noted that accounting standard IAS 1, paragraph 81, in force since 1 January 2009, prescribes that the Comprehensive Income Statement should be presented as one of the following:

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

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

CHANGES IN EXPRIVIA NET EQUITY




| Operations | Company Capital | Own shares | Share Premium Fund | Reval. Reserve | Legal Reserve | Riserva per azioni proprie in portafoglio | Other Reserve | Profits/losses brought forward | Profit (Loss) for the period | Total Profit (Loss) | 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 | | | | | 143,275 | | | | 356,475 |
| Stock Option | | | | | | | 572,065 | | | | 572,065 |
| Profit (loss) of the period | | | | | | | | | 4,546,860 | 4,546,860 | 4,546,860 |
| Net income / (expense) for the period recognized in equity | | | | | | | 129,256 | | | 129,256 | 129,256 |
| Balance at 31/12/2009 | 26,368,918 | (48,370) | 17,645,059 | 2,907,138 | 394,489 | - | 4,057,576 | - | 4,546,860 | 4,676,116 | 55,871,671 |
| Reclassification previous year's profit | | | | | 227,342 | | 4,319,518 | | (4,546,860) | | |
| 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 |
| Profit (loss) of the period | | | | | | | | | 5,308,350 | 5,308,350 | 5,308,350 |
| Net income / (expense) for the period recognized in equity | | | | | | | 103,787 | | | 103,787 | 103,787 |
| Balance at 31/12/2010 | 26,979,658 | | 18,081,738 | 2,907,138 | 621,831 | - | 6,856,261 | - | 5,308,350 | 5,412,137 | 60,754,978 |
| Reclassification previous year's profit | | | | | 2,400,000 | | 2,908,350 | | (5,308,350) | | |
| Dividend distribution | | | | | | | (2,075,358) | | | | (2,075,358) |
| Stock Option | | | | | | | 297,742 | | | | 297,742 |
| Purchase of own shares | | (46,508) | | | | | (10,007) | | | | (56,515) |
| Profit (loss) of the period | | | | | | | | | 3,215,443 | | 3,215,443 |
| Net income / (expense) for the period recognized in equity | | | | | | | | | | | |
| Balance at 31/12/2011 | 26,979,658 | (46,508) | 18,081,738 | 2,907,138 | 3,021,831 | - | 7,976,988 | - | 3,215,443 | | 62,136,290 |

EXPRIVIA - CASH FLOW STATEMENT

| | 31.12.2011 | 31.12.2010 |
|---|---------------------|--------------------|
| Operating activities: | | |
| - Profit (loss) | 3,215,443 | 5,308,350 |
| - Amortisation, depletion and depreciation of assets | 2,012,713 | 1,950,856 |
| - Provision for Severance Pay Fund | 1,419,019 | 1,494,865 |
| - Advances/Payments Severance Pay | (1,537,337) | (1,431,389) |
| Cash flow arising from operating activities | 5,109,838 | 7,322,682 |
| Increase/Decrease in net working capital: | | |
| - Variation in stock and payments on account | (8,143,416) | (5,564,528) |
| - Variation in receivables to customers | (1,254,204) | 1,305,730 |
| - Variation in receivables to parent/subsidiary/associated cos | (2,072,127) | (1,671,973) |
| - Variation in other accounts receivable | (2,986,947) | (464,923) |
| - Variation in payables to suppliers | 7,081,888 | 83,057 |
| - Variation in payables to parent/subsidiary/associated cos | 6,848,855 | (990,156) |
| - Variation in tax and social security liabilities | (2,631,410) | 2,777,464 |
| - Variation in other accounts payable | 4,308,001 | 4,291,623 |
| - Variation in risk funds reserve | (550,316) | 2,755,171 |
| Cash flow arising (used) from current assets and liabilities | 600,323 | 2,521,465 |
| Cash flow arising (used) from current activities | 5,710,161 | 9,844,147 |
| Investment activities: | | |
| - Variation in tangible assets | (430,217) | (436,243) |
| - Variation in intangible assets | (1,671,347) | (1,035,129) |
| - Variation in financial assets | (8,761,257) | (3,029,496) |
| Cash flow arising (used) from investment activities | (10,862,821) | (4,500,868) |
| Financial activities: | | |
| - Variation in other reserves | (1,834,132) | (425,043) |
| Cash flow arising (used) from financial activities | (1,834,132) | (425,043) |
| Increase (decrease) in cash | (6,986,792) | 4,918,236 |
| Banks and cash profits at start of year | 3,645,308 | 1,126,385 |
| Banks and cash losses at start of year | (32,878,368) | (35,277,681) |
| Banks and cash profits at end of period | 3,113,527 | 3,645,308 |
| Banks and cash losses at end of period | (39,333,378) | (32,878,368) |
| Increase (decrease) in liquidity | (6,986,792) | 4,918,236 |

Explanatory Notes for Exprivia S.p.A. Financial Statements at 31 December 2011

The Explanatory Notes to Exprivia Group's consolidated financial statements should be referred to for details on the points below found in these Explanatory Notes to Exprivia S.p.A.'s financial statements:

-  References to Regulations
-  Declaration of Compliance with IFRS
-  Valuation Policies

INFORMATION ON THE BALANCE SHEET

Details are provided below on the entries making up the assets and liabilities in the Balance Sheet, which is drawn up in accordance with international accounting standards (IAS/IFRS).

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

NON-CURRENT ASSETS





PROPERTY, PLANT AND MACHINERY


The item **“property, plant and machinery”** amounted to Euro 7,472,369 compared to Euro 7,586,445 at 31 December 2010.

The table below shows movement in the reporting period:

| Categories | Historical cost 01/01/11 | Inc. | Historical cost at 31/12/11 | Reserve prov. at 01/01/11 | Provision for period | Cum. prov. | Net value at 31/12/11 |
|-----------------------------|-----------------------------|----------------|--------------------------------|---------------------------------|-------------------------|--------------------|--------------------------|
| Land | 247,716 | - | 247,716 | - | - | - | 247,716 |
| Buildings | 7,788,493 | | 7,788,493 | (1,449,744) | (233,382) | (1,683,126) | 6,105,367 |
| Others | 5,554,476 | 295,265 | 5,849,741 | (4,651,012) | (310,910) | (4,961,922) | 887,819 |
| Fixed assets in progress | 96,516 | 134,953 | 231,469 | - | - | - | 231,469 |
| TOTAL | 13,687,200 | 430,218 | 14,117,418 | (6,100,756) | (544,292) | (6,645,048) | 7,472,369 |

The Euro 430,218 rise is mainly due to:

-  Costs incurred for work to extend the head offices in Molfetta - via A. Olivetti 11/A (Euro 134,953);
-  Electronic office equipment purchased (Euro 102,293);
-  Plant and machinery purchased (Euro 43,900);
-  Furniture and furnishings purchased (Euro 25,901);

 Assets purchased through financial leasing (Euro 118,432). It should be noted that minimum future payments within one year amount to Euro 131,327, while those due in one to five years amount to Euro 247,617.

GOODWILL And Other Assets With An Indefinite Useful Life

GOODWILL

The item **“goodwill”** at 31 December 2011 amounted to Euro 26,305,768 compared to Euro 26,215,203 at 31 December 2010.

The explanatory notes to the consolidated financial statements should be referred to for information on goodwill, merger differences carried and comments on impairment tests.

OTHER INTANGIBLE ASSETS

The item **“other intangible assets”** amounted to Euro 2,952,911 compared to Euro 2,840,549 at 31 December 2010.

The table below shows movement in the reporting period:

| Categories | Historic cost 01/01/11 | Increases at 31/12/11 | Total historic cost at 31/12/11 | Deprec. fund at 01/01/11 | Deprec. quota for period | Cumulated deprec. 31/12/11 | Net value at 31/12/11 |
|--|---------------------------|--------------------------|------------------------------------|-----------------------------|-----------------------------|-------------------------------|--------------------------|
| Development of advertising | 23,409,985 | 1,335,548 | 24,745,533 | (20,611,640) | (1,433,511) | (22,045,151) | 2,700,383 |
| Patents and Intellectual Property Rights | 2,359,088 | - | 2,359,088 | (2,359,088) | - | (2,359,088) | - |
| Permits, brands | 46,063 | - | 46,063 | (45,605) | (458) | (46,063) | - |
| Sundries | 2,122,594 | 245,236 | 2,367,830 | (2,080,848) | (34,452) | (2,115,300) | 252,528 |
| TOTAL | 27,937,730 | 1,580,784 | 29,518,514 | (25,097,181) | (1,468,421) | (26,565,602) | 2,952,911 |

The most significant item concerns investments to **develop** software applications for the banking and medical sectors. For further information the Report for the Consolidated Financial Statements should be referred to under the section **“Investments”**.

EQUITY INVESTMENTS

The item **“equity investments”** at 31 December 2011 amounted to Euro 49,679,013 compared to Euro 41,756,174 at 31 December 2010.

The item is broken down below.

INTERESTS IN SUBSIDIARIES

At 31 December 2011 the item **“interests in subsidiaries”** amounted to Euro 48,160,938 compared to Euro 40,298,483 at 31 December 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|-------------------|-------------------|------------------|
| Datilog S.r.l. | 138,000 | 138,000 | |
| Exprivia Do Brasil | 750,000 | | 750,000 |
| Exprivia Projects S.p.A. | 1,241,391 | 1,241,391 | |
| Exprivia S.L. | 104,158 | 104,158 | |
| Exprivia Solutions S.p.A. | 1,328,650 | 1,328,650 | |
| GST S.r.l. | 866,275 | 625,525 | 240,750 |
| Infaber Srl | 144,200 | 77,200 | 67,000 |
| ProSap | 2,610,796 | 2,610,796 | |
| Realtech S.p.A. | 1,620,000 | | 1,620,000 |
| SiSpa Srl | 5,184,705 | | 5,184,705 |
| Spegea S.c.a r.l. | 300,000 | 300,000 | |
| Swimervice S.p.A. | 24,464,884 | 24,464,884 | |
| Wel Network S.p.A. | 9,407,879 | 9,407,879 | |
| TOTAL | 48,160,938 | 40,298,483 | 7,862,455 |

In accordance with IFRS 3 the cost of interests acquired in 2011 in Realtech S.p.A., SiSpa Srl and Exprivia do Brasil Serviços de Informatica Ltda was determined on the basis of fees negotiated (Euro 1,170,000, Euro 5,100,000 and Euro 500,000 respectively) and an estimate of additional price components provided in the acquisition agreement (Euro 450,000, Euro 84,705 and Euro 250,000). Estimates of additional price components are based on assessments made by company management on the reasonable capacity of the companies to achieve income-based objectives in order to have potential payments recognised.

The values of interests were examined when preparing the Consolidated Financial Statements, and so they are the values emerging from the consolidated financial statements. If they revealed entries with an indefinite life, they were subject to impairment tests. As shown in the Explanatory Notes to the Consolidated Financial Statements, this assessment did not reveal situations that would require value adjustments for the interests.

The table below provides figures related to the net equity of subsidiaries.

| Company | H.O. | Company capital | Results for period | Net worth | Value of production | Total Assets | % of holding |
|----------------------------------|---|-----------------|--------------------|-----------|---------------------|--------------|--------------|
| Datilog Srl | Cinisello Balsamo (MI) | 10,400 | (56,591) | (9,264) | 1,011,418 | 547,392 | 52.00% |
| Exprivia SL | Madrid (Spagna) | 8,250 | 140,711 | 422,817 | 2,134,335 | 1,061,022 | 60.00% |
| Exprivia Do Brasil Servicos Ltda | Rio de Janeiro (Brasile) | 62,347 | 25,064 | 427,795 | 257,292 | 606,498 | 99.85% |
| Exprivia Projects S.p.A. | Roma | 242,000 | 125,575 | 323,576 | 4,772,466 | 3,468,043 | 100.00% |
| Exprivia Solutions S.p.A. | Roma | 170,795 | 687,495 | 1,467,058 | 8,704,499 | 8,198,172 | 100.00% |
| GST S.r.l. | Trento | 27,500 | (105,375) | 369,591 | 1,820,548 | 2,038,595 | 100.00% |
| Infaber S.r.l. | Molfetta (BA) | 110,000 | 189,987 | 506,670 | 1,434,192 | 871,942 | 60.00% |
| Gruppo ProSap | Madrid (Spagna)/Città del Messico/Città del Guatemala | 6,384 | (537,273) | 192,903 | 6,329,541 | 3,491,992 | 51.12% |
| Realtech S.p.A. | Agrate Brianza (MB) | 1,520,000 | (118,726) | 1,501,321 | 8,052,291 | 6,453,528 | 51.00% |
| SiSpa Srl | Milano | 580,000 | 668,458 | 2,601,278 | 3,796,637 | 3,910,021 | 100.00% |
| Spegea S.c.a.r.l. | Bari | 125,000 | 72,642 | 234,815 | 1,705,527 | 2,666,659 | 60.00% |
| Svmservice S.p.A. | Molfetta (BA) | 1,548,000 | 4,000,236 | 6,193,331 | 22,728,255 | 26,447,084 | 100.00% |
| Wel.Network S.p.A. | Piacenza | 1,500,000 | 110,333 | 1,023,568 | 11,648,434 | 10,722,700 | 100.00% |

INTERESTS IN ASSOCIATES

At 31 December 2011 the item **“interests in associates”** amounted to Euro 30,000 and refers to the purchase of 30% of interests in TraxAll Srl, as described in the Group Report under the section **“Significant Events”**.

INVESTMENTS IN OTHER COMPANIES

The item **“equity investments in other companies”** at 31 December 2011 amounted to Euro 1,488,075 compared to Euro 1,457,691 at 31 December 2010.

The table below provides details on this item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|---------------|
| Advanced Computer Systems | 1,420,816 | 1,420,816 | |
| 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 | 13,939 | |
| Finapi | 775 | 775 | |
| Iqs New Srl | 1,291 | 1,291 | |
| Consorzio DARE | 1,000 | | 1,000 |
| Consorzio DHITECH | 17,000 | | 17,000 |
| Consorzio DITNE | 12,384 | | 12,384 |
| Società Consortile Piano del Cavaliere | 516 | 516 | |
| Software Engineering Research | 12,000 | 12,000 | |
| Ultimo Miglio Sanitario | 1,250 | 1,250 | |
| TOTAL | 1,488,075 | 1,457,691 | 30,383 |

The company continues to consider the interests in Advanced Computer Systems (ACS) as a strategic investment, and no signs of long-term impairment have arisen.

OTHER FINANCIAL ASSETS

RECEIVABLES FROM SUBSIDIARIES

At 31 December 2011 the item **“receivables from subsidiaries”** amounted to Euro 1,537,785 compared to Euro 353,467 at 31 December 2010 and refers to the amount of a medium/long-term loan granted to the subsidiaries ProSap SL (Euro 1,422,857) and ProSap SA DE CV (Euro 114,928). In accordance with contractual provisions, the amount receivable from Exprivia Solutions S.p.A. (Euro 353,467) for the interest-bearing loan was reclassified to current assets.

DEFERRED TAX ASSETS

At 31 December 2011 the item **“deferred tax assets”** amounted to Euro 669,360 compared to Euro 1,001,927 at 31 December 2010, and refers to taxes on temporary changes as a result of applying IAS/IFRS and considered recoverable in subsequent financial years.

CURRENT ASSETS

TRADE RECEIVABLES AND OTHERS

TRADE RECEIVABLES

The item **“trade receivables”** rose from Euro 24,411,969 at 31 December 2010 to Euro 25,666,173 at 31 December 2011 and are carried under assets less Euro 1,617,880 as an adjustment for the risk of doubtful debts.

The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|-------------------|-------------------|------------------|
| To Italian customers | 23,676,698 | 22,509,540 | 1,167,158 |
| To foreign customers | 670,536 | 948,144 | (277,608) |
| To public bodies | 2,936,819 | 2,513,034 | 423,785 |
| S-total receivables to customers | 27,284,053 | 25,970,718 | 1,313,335 |
| Less: provision for bad debts | (1,617,880) | (1,558,749) | (59,131) |
| Total receivables to customers | 25,666,173 | 24,411,969 | 1,254,204 |

| Details | 31/12/2011 | 31/12/2010 | Variazioni |
|-------------------------------------|-------------------|-------------------|------------------|
| To third parties | 24,230,731 | 21,195,058 | 3,035,673 |
| Invoices for issue to third parties | 3,053,322 | 4,775,660 | (1,722,338) |
| TOTAL | 27,284,053 | 25,970,718 | 1,313,335 |

The table below shows a breakdown of receivables by date of maturity, net of invoices/credit notes to be issued and including receivables carried under the bad debts provision:

| Amount of receivables | in | | days past due | | | | | | | |
|-----------------------|------------|-----------|---------------|---------|---------|---------|---------|---------|---------|-----------|
| | expire | due | 1 - 30 | 31 - 60 | 61 - 90 | 91-120 | 121-180 | 181-270 | 271-365 | beyond |
| 24,230,731 | 18,461,171 | 5,769,560 | 524,979 | 827,055 | 559,171 | 404,764 | 448,540 | 511,502 | 327,720 | 2,165,829 |
| 100.0% | 76.2% | 23.8% | 2.2% | 3.4% | 2.3% | 1.7% | 1.9% | 2.1% | 1.4% | 8.9% |

RECEIVABLES FROM SUBSIDIARIES

The item “**receivables from subsidiaries**” at 31 December 2011 amounted to Euro 10,066,006 compared to Euro 7,999,879 at 31 December 2010.

The table below provides details on this item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|-------------------|------------------|------------------|
| Datilog Srl | 160,676 | 12,797 | 147,879 |
| Exprivia Projects S.p.A. | 77,944 | 1,012,843 | (934,899) |
| Exprivia SL | 30,000 | | 30,000 |
| Exprivia Solutions S.p.A. | 2,016,841 | 440,201 | 1,576,640 |
| GST Srl | 58,106 | 67,813 | (9,707) |
| Infaber Srl | 89,287 | 96,525 | (7,238) |
| ProSap | 256,298 | 300,000 | (43,702) |
| Realtech S.p.A. | 5,160 | | 5,160 |
| SiSpa Srl | - | 12,346 | (12,346) |
| Spegea S. c. a.r.l. | 157,918 | 168,947 | (11,029) |
| Svimservice S.p.A. | 970,246 | 471,100 | 499,146 |
| WeiNetwork S.p.A. | 6,255,876 | 5,429,653 | 826,223 |
| TOTAL | 10,066,006 | 7,999,879 | 2,066,127 |

Receivables from subsidiaries are all regulated by framework agreements and mainly refer to charges for corporate and logistics services and to special resources provided from one company to another.

RECEIVABLES FROM PARENT COMPANIES

At 31 December 2011 the item **“receivables from parent companies”** amounted to Euro 229,713 compared to Euro 223,713 at 31 December 2010 and refers to amounts receivable for the contribution of Abaco Innovazione S.p.A. into Exprivia S.p.A..

OTHER RECEIVABLES

At 31 December 2011 the item **“other receivables”** amounted to Euro 10,948,988 compared to Euro 8,550,422 at 31 December 2010.

The table below provides details on the item and respective changes:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|-------------------|------------------|------------------|
| Receivables CNOS project | 1,304,868 | 1,304,868 | |
| Receivable Puglia Region - SDI Project | 3,021,615 | 35,050 | 2,986,565 |
| Receivables to POR Puglia- Pugliatech | 1,072,621 | 1,079,668 | (7,047) |
| Receivables Agriplan project | 821,000 | 821,000 | |
| Receivables to Lab. 8 | 698,125 | 698,125 | |
| Receivables POR - Spegea Training | 14,248 | | 14,248 |
| Receivables to SlimSafe | 640,952 | 451,111 | 189,841 |
| 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 | (202,692) |
| Advances to suppliers for services | | 293,727 | (293,727) |
| Sundry credits | 41,770 | 30,180 | 11,590 |
| Receivables to welfare institutes/INAIL | 3,620 | | 3,620 |
| Guaranteed securities | 31,427 | 27,381 | 4,046 |
| Costs in future years expertise | 1,550,852 | 1,174,222 | 376,630 |
| TOTAL | 10,948,988 | 8,550,422 | 2,398,566 |

Concerning the amount receivable for the SDI project, this refers to the grant resolved by Regione Puglia for investments to be made at the head offices in Molfetta.

TAX RECEIVABLES

At 31 December 2011 the item **"tax receivables"** amounted to Euro 805,573 compared to Euro 216,874 at 31 December 2010. The table below provides a breakdown and a comparison with the previous year:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|----------------|----------------|----------------|
| Receivables to tax a/c - IRES | 277,329 | | 277,329 |
| Tax authority w/holding taxes on interest income | 37,325 | 88,103 | (50,778) |
| Credits with tax authority | 437,909 | 40,421 | 397,488 |
| Art. 8 tax credits | 53,010 | 88,350 | (35,340) |
| TOTAL | 805,573 | 216,874 | 588,699 |

Under the item **"receivables from tax authorities"** are carried payment injunctions (for Euro 408,527) that were disputed and for which the company obtained a suspension order. It should be pointed out that the

corresponding amount was carried under liabilities. A provision for risks and charges was set up for these disputes.

INVENTORIES

At 31 December 2011 the item **“inventories”** amounted to Euro 60,912 compared to Euro 110,062 at 31 December 2010 and refers to medial-sector software and hardware purchased by the company for resale.

CONTRACT WORK IN PROGRESS

At 31 December 2011 the item **“contract work in progress”** amounted to Euro 17,373,067 compared to Euro 9,724,336 at 31 December 2010 and refers to the value of contract work in progress according to contractual payments accrued. The rise over the previous year is due to the acquisition of important contracts in central public administration, transport and utilities.

CASH AT BANK AND ON HAND

At 31 December 2011 the item **“cash at bank and on hand”** amounted to Euro 3,113,527 compared to Euro 3,645,308 at 31 December 2010 and refers to Euro 3,109,365 held at banks and Euro 4,163 in notes on hand.

NET EQUITY

SHARE CAPITAL

“Share Capital”, fully paid up, amounted to Euro 26,979,658.16 and is represented by 51,883,958 ordinary shares at Euro 0.52 nominal value each. This is the same as 31 December 2010.

OWN SHARES

At 31 December 2011 **“own shares”** amounted to minus Euro 46,508.28 and refers to the purchase of own shares under the plan approved by the general shareholders' meeting of 28 April 2011. The number of own shares amounts to 89,439.

SHARE PREMIUM RESERVE





At 31 December 2011 the **“share premium reserve”** amounted to Euro 18,081,738 and is the same as 31 December 2010.

REVALUATION RESERVE

At 31 December 2011 the **“revaluation reserve”** amounted to Euro 2,907,138 and is the same as 31 December 2010. The reserve refers to an adjustment in the fair value of a building owned by Exprivia S.p.A..

OTHER RESERVES

The item **“other reserves”** amounted to Euro 10,998,820 compared to Euro 7,478,093 at 31 December 2010 and pertains to:

-  Euro 3,021,831 for the **“legal reserve”**, which rose by Euro 2,400,000 compared to 31 December 2010 after allocating profit from the previous year, as resolved by the general shareholders’ meeting of 28 April 2011;
-  Euro 189,823 for the **“extraordinary reserve”** compared to Euro 5,373,534 at 31 December 2010. The change pertains to an increase of Euro 832,992 for allocation of 2010 profit, as resolved by the general shareholders’ meeting of 28 April 2011, an increase of Euro 1,888,073 for the reclassification of “stock option reserves”, and a decrease of Euro 7,904,776 allocated to the provision for investments in the Regione Puglia programme agreement;
-  Euro 7,904,776 to the **“Provision for Investments in the Regione Puglia Programme Agreement”** under the General Regulations governing aid no. 9 of 26 June 2009 as amended – Title VI “Aid to the investment programmes promoted by Large Enterprises to be granted through Regional Programme Agreements”;
-  Euro 106,283 **“other reserves”** compared to Euro 1,706,621 of 31 December 2011. The Euro 1,600,338 decrease pertains to:
 - A Euro 10,007 decrease related to the share premium value from transactions to purchase own shares;
 - A Euro 297,742 increase related to the “stock option reserve” for exercising options under the stock option plan;
 - A Euro 1,888,073 decrease related to the reclassification of the “stock option reserve” under the “extraordinary reserve” in accordance with IFRS 2, paragraph 23;
-  Euro -236,486 **“IAS/IFRS tax effect reserve”** represents the tax effect calculated on changes after adopting IFRS and is the same as 31 December 2010;
-  Euro 12,593 **“available IAS/IFRS tax effect reserve”** represents the tax effect calculated on changes after adopting IFRS and is the same as 31 December 2010.

NON-CURRENT LIABILITIES

NON-CURRENT PAYABLES TO BANKS

At 31 December 2011 the item **“non-current payables to banks”** amounted to Euro 10,870,819 compared to Euro 18,586,352 at 31 December 2010, and pertains to medium-term borrowing (Euro 10,306,113) and a loan received (Euro 564,706) for a building owned by the company.

For further information see the **“Explanatory notes for the consolidated financial statements”** under the item **“non-current payables to banks”**.

OTHER FINANCIAL LIABILITIES

AMOUNTS PAYABLE TO SUBSIDIARIES

The item **“amounts payable to subsidiaries”** amounted to Euro 50,000 and is the same as the previous year. It refers to the security deposit paid by the subsidiary Svimservice S.p.A. in relation to the lease contract for the head offices in Molfetta.

TAX LIABILITIES AND AMOUNTS FOR SOCIAL SECURITY PAYABLE AFTER THE FINANCIAL YEAR

The item **“tax liabilities and amounts for social security payable after the financial year”**, amounted to Euro 262,105 compared to Euro 71,972 at 31 December 2010. It refers to instalment amounts payable to public entities after the financial year, in addition to Euro 235,589 for the non-current amount of payables for disputed payment injunctions.

PAYABLES FOR EQUITY INVESTMENTS

At 31 December 2011 the item **“payables for equity investments”** amounted to Euro 1,957,996 and did not change since the previous year. It refers to Euro 435,200 for the acquisition of 51.12% of Prosap to be paid in future reporting periods and Euro 1,522,796 for the earnout expected to be payable to the sellers of Prosap once the targets set at acquisition are reached.

PAYABLES TO SUPPLIERS AFTER THE FINANCIAL YEAR





The item **“payables to suppliers after the financial year”** amounted to Euro 247,617 compared to Euro 248,192 at 31 December 2010 and refers to the amounts payable to leasing companies but pertaining to future reporting periods.

PROVISION FOR RISKS AND CHARGES

OTHER PROVISIONS

The item **“all provisions”** at 31 December 2011 amounted to Euro 1,313,703 compared to Euro 2,000,047 at 31 December 2010.

Details for this item are provided below:

-  Euro 520,951 set aside for the possible failure to collect grants following tests on research projects.
-  Euro 754,370 for the report on findings issued by the Inland Revenue Agency on 18 December 2007, which stated that illicit deductions had been made following the write-down applied in 2002 for interests in Infusion Spa and AISoftw@re Technologies & Solutions. The investigation report gave rise to five notices of assessment: (i) concerning IRPEG for 2002, (ii) concerning IRPEG and IRAP for 2003, (iii) first-level assessment of consolidated income for 2004, (iv) one second-level assessment on IRES of tax consolidation for 2004 and (v) another notice of assessment on IRAP referring to 2004. The company challenged all of these notices of assessment before the Provincial Tax Commission of Milan, which accepted our claims and issued judgments to cancel the notices of assessment. The developments of each dispute are as follows: (i) IRPEG 2002, the Inland Revenue Agency appealed the judgment relating to the 2002 assessment with a petition notified on 10 June 2011 and at the second-degree proceedings the company submitted its claims within the terms of law; (ii) IRPEG/IRAP 2003, the judgment cancelling the notice of assessment for 2003 held since the Inland Revenue Agency failed to appeal the decision; (iii)-(iv)-(v) the Inland Revenue Agency appealed the judgment to cancel the 2004 notices with petitions notified on 14 April 2011 and at the second-degree proceedings the company submitted its claims within the terms of law. The hearing was scheduled to be held on 29 March 2012.
-  Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same investigation report of 18 December 2007 and referring to 2005 (IRES and IRAP) and 2006 (IRES). The petitions are pending before the Provincial Tax Commission of Bari (which in the meantime accepted the petition to suspend execution of payment ordered in the assessment) and the hearing was scheduled for 7 May 2012.
-  The allocation of Euro 15,875 refers to the provision for waste management fees from previous years that are currently being assessed by the issuing entity. The explanatory notes for the consolidated financial statements should be referred to for further information;

 Euro 22,507 set aside for legal proceedings in progress with employees.

It should also be mentioned that proceedings under Legislative Decree no. 231/01 are in progress before the Court of Avezzano regarding Exprivia's alleged indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services (which at the time was a subsidiary of the company and now closed) in the official audit report 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23.02.2010 the judge accepted the plea of limitation for all facts prior to September 2004, while upholding only a single charge against Exprivia. At the same time, the Preliminary Hearing Judge accepted the plea for nullity of the notice of investigation submitted by Aisoftw@re Professional due to failure of notification as laid down by art. 57 of Legislative Decree no. 231/01 and ordered the return of documents to the public prosecutor under its jurisdiction. The outcome of the hearing of 23 February 2010 means Exprivia SpA is not exposed to any risk related to the issue and therefore no provision was set aside given the insignificant value of the only offence upheld, which amounts to Euro 170.00.

EMPLOYEE PROVISIONS

EMPLOYEE SEVERANCE INDEMNITY FUND

The item **"employee severance indemnity fund"** at 31 December 2011 amounted to Euro 3,211,066 compared to Euro 3,329,384 at 31 December 2010.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|------------------|
| Beginning balance | 3,329,384 | 3,265,909 | 63,475 |
| Use of the period | (116,357) | (203,755) | 87,398 |
| Transfer to Treasury fund Social Security and Pension Funds | (1,420,980) | (1,227,635) | (193,345) |
| Provision for the year | 1,419,019 | 1,494,865 | (75,846) |
| Total at the end of the period | 3,211,066 | 3,329,384 | (118,318) |

The employee severance indemnity fund was recalculated using the actuarial financial method provided by IAS 19.

It should be noted that the provision for the financial period, amounting to Euro 1,419,019, includes Euro 135,414 relating to the financial component due to the application of discount rates (interest cost) and Euro - 179,319 for actuarial gains/losses.

The **explanatory notes for the consolidated financial statements** should be referred to for further information.

DEFERRED TAX LIABILITIES

PROVISIONS FOR DEFERRED TAXES

At 31 December 2011 the item **"provisions for deferred taxes"** amounted to Euro 952,795 compared to Euro 1,006,325 at 31 December 2010 and refers to allocations for temporary changes as a result of applying IFRS.

CURRENT LIABILITIES

CURRENT PAYABLES TO BANKS

At 31 December 2011 the item “**current payables to banks**” amounted to Euro 28,462,560 compared to Euro 14,292,015 at 31 December 2010. Euro 17,371,370 refers to the current amount of loans (as described under the item “**non-current payables to banks**”) and Euro 11,091,190 refers to current account overdrafts at major credit institutions for current working assets. The change is mainly due to the reclassification of the BNL medium/long-term loan, as amply described under the section “non-current payables to banks” in the explanatory notes for the consolidated financial statements.

PAYABLES TO SUPPLIERS

The item “**payables to suppliers**” at 31 December 2011 amounted to Euro 13,553,671 compared to Euro 6,471,783 at 31 December 2010.

The table below provides details on the payables by due date, net of invoices to be received:

| Amount Payables | of which | | days past due | | | | | | | |
|--------------------|-----------|-----------|---------------|---------|---------|---------|---------|---------|---------|---------|
| | expire | expired | 1 - 30 | 31- 60 | 61 - 90 | 91-120 | 121-180 | 181-270 | 271-365 | oltre |
| 10,504,859 | 5,618,659 | 4,886,200 | 68,402 | 869,739 | 767,587 | 724,811 | 833,370 | 619,674 | 524,849 | 477,768 |
| 100.0% | 53.5% | 46.5% | 0.7% | 8.3% | 7.3% | 6.9% | 7.9% | 5.9% | 5.0% | 4.5% |

ADVANCE PAYMENTS ON CONTRACT WORK IN PROGRESS

ADVANCE PAYMENTS

This item amounted to Euro 2,738,724 compared to Euro 3,282,558 at 31 December 2010 and refers to advance payments received from customers for contract work in progress.

OTHER FINANCIAL LIABILITIES

Payables to Subsidiaries

The item “**payables to subsidiaries**” amounted to Euro 8,895,205 compared to Euro 2,038,213 at 31 December 2010 and refers to commercial and financial transactions with the company and its subsidiaries under normal market conditions regulated by specific agreements. The table below shows its breakdown:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------|------------------|------------------|------------------|
| GST S.r.l. | 97,846 | 135,201 | (37,355) |
| Exprivia Projects S.p.A. | 2,437,499 | 23,882 | 2,413,617 |
| Exprivia Solutions S.p.A. | 497,149 | 711,385 | (214,236) |
| Infaber S.r.l. | 300,000 | | 300,000 |
| Swimservice S.p.A. | 43,410 | 14,441 | 28,969 |
| Realtech S.p.A. | 1,017,524 | | 1,017,524 |
| SiSpa Srl | 1,914,809 | | 1,914,809 |
| Wel.Network S.p.A. | 2,518,834 | 1,087,121 | 1,431,713 |
| Spegea S.c. a r.l. | 17,767 | 52,084 | (34,317) |
| ProSap | 41,315 | | 41,315 |
| Datilog Srl | 9,052 | 14,100 | (5,048) |
| TOTAL | 8,895,205 | 2,038,213 | 6,856,992 |

PAYABLES TO ASSOCIATES

The item **“payables to associates”** amounted to Euro 9,941 compared to Euro 18,079 at 31 December 2010 and refers to amounts payable to Pervoice S.p.A. for technical consultancy.

AMOUNTS PAYABLE TO OTHERS

The item **“amounts payable to others”** amounted to Euro 6,979,689 compared to Euro 6,074,813 at 31 December 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------|------------------|------------------|----------------|
| Derived products | 164,827 | 366,907 | (202,080) |
| PIA Innovazione advance | 1,341,446 | 1,341,446 | |
| CNOS project advance | 1,174,378 | 525,377 | 649,001 |
| POR Puglia advance | 1,000,328 | 1,000,328 | |
| Unicredit Factoring | 3,298,710 | 2,840,755 | 457,955 |
| TOTAL | 6,979,689 | 6,074,813 | 904,876 |

At year-end 2011 the company assigned a portion of its receivables, mainly for amounts owed by public entities, through non-recourse factoring transactions; however, these receivables are still carried in the group financial statements even though they were legally transferred and can be eliminated in accordance with IAS 39, while the amounts payable for Euro 3,298,710 were carried to offset the item as payables to factoring firms and so excluded from the calculation of Net Financial Position. Expenses related to this transaction are recognised in the income statement.

The table below outlines features of financial derivatives measured at fair value with an effect in the income statement and the Mark to Market value at 31.12.11.

| Bank | Contract day | Expiration Date | Transaction type | Notional value | Mark to market value at 31/12/2011 |
|--------------|--------------|-----------------|------------------|----------------|------------------------------------|
| Unicredit | 27/11/2008 | 30/11/2015 | IRS | 1,902,500 | 263 |
| B.N.L. | 30/11/2008 | 30/11/2015 | IRS | 3,841,500 | (165,090) |
| TOTAL | | | | | (164,827) |

TAX LIABILITIES

The item “**tax liabilities**” amounted to Euro 2,545,391 compared to Euro 5,434,747 at 31 December 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|--------------------|
| Payables to tax authority for VAT | 1,184,757 | 1,770,362 | (585,605) |
| Payables to tax authority for IRAP | 10,688 | 314,686 | (303,998) |
| Payables to tax authority for IRES | | 2,480,641 | (2,480,641) |
| Payables to tax authority for IRPEF employees | 814,356 | 678,596 | 135,760 |
| Payables to tax authority | 322,109 | 1,190 | 320,919 |
| Payables to tax authority for interest and penalties | 213,481 | 189,272 | 24,209 |
| TOTAL | 2,545,391 | 5,434,747 | (2,889,356) |

The change in the item “payables to tax authorities for IRES” is due to a prepayment made in 2011. The prepayments made in 2010 ended up not being owed since the company used previous tax losses in the reporting period. Starting from 2011 the company made the prepayment necessary. Excess amounts were carried under “tax receivables”.

OTHER CURRENT LIABILITIES

AMOUNTS PAYABLE TO PENSION AND SOCIAL SECURITY INSTITUTIONS

The item “**payables to pension institutions**” amounted to Euro 2,207,192 compared to Euro 1,949,246 at 31 December 2010. The table below shows the breakdown and movement in 2011 as well as a comparison with the previous year.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|----------------|
| INPS with contributions | 1,494,796 | 1,388,071 | 106,725 |
| Payables to pension funds | 45,600 | 41,991 | 3,609 |
| PREVINDAI-FASI-ALDAI-INPDAL-FASDAPI-PREVINDAPI | 59,877 | 51,552 | 8,325 |
| Contributions on accrued holiday pay and year-end bonus | 585,532 | 457,050 | 128,482 |
| INAIL with contributions | 21,387 | 10,582 | 10,805 |
| TOTAL | 2,207,192 | 1,949,246 | 257,946 |

OTHER PAYABLES

The item “other payables” amounted to Euro 10,486,402 compared to Euro 7,083,277 at 31 December 2010.

The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|-------------------|------------------|------------------|
| Directors' pay for settlement | 43,785 | 24,789 | 18,996 |
| Employees/Collaborators for fees accrued | 2,130,185 | 2,266,721 | (136,536) |
| Debts to purchase shareholdings | 1,172,205 | 13,273 | 1,158,932 |
| Accrued holidays, festivities, summer & yr-end bonuses | 2,007,217 | 1,556,710 | 450,507 |
| Payables to associations | 6,695 | 7,670 | (975) |
| Sundry payables | 91,178 | 80,434 | 10,744 |
| Interests and other costs | 239,492 | 230,055 | 9,437 |
| Competence Contributions in future years | 4,795,645 | 2,903,625 | 1,892,020 |
| TOTAL | 10,486,402 | 7,083,277 | 3,403,125 |



The item “payables for equity investments” comprises Euro 520,560 to acquire interests in Realtech S.p.A, Euro 84,705 for SiSpa Srl, Euro 500,000 for Exprivia do Brasil Serviços de Informatica, and Euro 67,000 to acquire a 9.9% interest in Infaber Srl.

The change in “receivables for grants” refers to the grant from Regione Puglia SDI.

INFORMATION ON THE CASH FLOW STATEMENT

The **financial position** as at 31 December 2011 amounted to Euro -36.2 million compared to Euro -29.2 million at 31 December 2010.

The change of Euro -7.0 million is mainly due to the following factors:

-  Euro 3.9 million for positive cash flow from current and financial assets
-  Euro 10.9 million in cash flow for investments, in particular Euro 1.6 million for the acquisition of Realtech, Euro 5.2 million for the acquisition of SiSpa, Euro 0.7 million for the acquisition of Visiant do Brasil and Euro 1.5 million for the medium/long-term loan to the subsidiary Prosap.

INFORMATION ON THE INCOME STATEMENT

Details are provided below on the entries making up the costs and revenue in the income statement, which was drawn up in accordance with international accounting standards (IAS/IFRS).

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

PRODUCTION REVENUE

REVENUE FROM SALES AND SERVICES

In 2011 “**revenue from sales and services**” amounted to Euro 52,675,670 compared to Euro 46,532,988 in 2010.

The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---------------------------------|-------------------|-------------------|------------------|
| Hardware and plants | 3,080,599 | 3,736,262 | (655,663) |
| Licences, software and products | 3,138,740 | 1,917,549 | 1,221,191 |
| Project development | 41,120,900 | 36,190,128 | 4,930,772 |
| Maintenance | 4,452,203 | 3,635,476 | 816,728 |
| Services | 883,228 | 1,053,574 | (170,346) |
| TOTAL | 52,675,670 | 46,532,988 | 6,142,682 |

OTHER INCOME

OTHER REVENUE AND INCOME

In 2011 the item “**other revenue and income**” amounted to Euro 1,266,812 compared to Euro 1,552,121 in 2010. The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|------------------|
| Contingency assets | 800,851 | 1,020,236 | (219,385) |
| Rental income | 310,584 | 303,900 | 6,684 |
| Income from assignment of vehicles to staff | 47,758 | 40,996 | 6,762 |
| Income from staff on secondment | 76,573 | 128,436 | (51,863) |
| Other revenue | 31,046 | 58,553 | (27,507) |
| TOTAL | 1,266,812 | 1,552,121 | (285,309) |

GRANTS FOR OPERATING EXPENSES

In 2011 the item “**grants for operating expenses**” amounted to Euro 894,132 compared to Euro 478,699 in 2010 and refer to grants and tax breaks pertaining to the period or authorised in the period for development projects.

CHANGES IN INVENTORIES OF PRODUCTS IN PROGRESS, SEMI-FINISHED AND FINISHED

CHANGE IN INVENTORIES OF PRODUCTS IN PROGRESS

The item “**change in inventories of products in progress**” amounted to Euro -46,923 compared to Euro -87,842 in 2010 and refers to products in the medial and healthcare business line.

CHANGES IN CONTRACT WORK IN PROGRESS

The item “**change in contract work in progress**” amounted to Euro 7,648,731 compared to Euro 9,659,388 in 2010 and refers to contract work in progress pertaining to the reporting period.

INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The item “**increases in fixed assets for internal work**” for multi-year investments projects amounted to Euro 1,335,548 compared to Euro 993,974 in 2010 and refers to expenses incurred in the period to develop products for the banking sector (Euro 317,672) and medial sector (Euro 1,017,876).

COST OF PRODUCTION

RAW MATERIALS AND CONSUMABLES USED

In 2011 costs for “**raw materials, consumables and goods used**” amounted to Euro 4,568,641 compared to Euro 7,355,180 in the previous year. The table below provides details on the items:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|------------------|------------------|--------------------|
| Purchase of HW-SW products | 2,147,142 | 4,790,739 | (2,643,597) |
| Purchase of HW-SW maintenance | 1,179,365 | 1,950,350 | (770,985) |
| Stationery and consumables | 34,563 | 39,322 | (4,759) |
| Fuel and oil | 105,109 | 79,603 | 25,506 |
| Purchase of sundries | 17,973 | 91,892.00 | (73,919) |
| Purchase of parents company | 64,962 | 126,692 | (61,730) |
| Warranty services on our customers activities | 1,019,527 | 276,582 | 742,945 |
| TOTAL | 4,568,641 | 7,355,180 | (2,786,539) |

COSTS RELATED TO EMPLOYEE BENEFITS

The item “**costs related to employee benefits**” amounted to Euro 32,906,438 compared to Euro 29,399,482 in 2010 and refers to Euro 24,446,454 for salaries, Euro 6,487,182 for social security obligations, Euro 1,419,019 for employee severance indemnities, and Euro 553,783 for other staff costs.

The number of employees at 31 December 2011 amounted to 789 workers, 736 of which contract employees and 53 temporary workers, compared to 652 (611 contract employees and 41 temporary workers) at 31 December 2010.

OTHER COSTS

OTHER COSTS FOR SERVICES

In 2011 the item “**other costs for services**” amounted to Euro 21,126,753 compared to Euro 13,793,216 in 2010 and is broken down as follows:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|-------------------|-------------------|------------------|
| Technical and commercial consultancy | 6,958,947 | 4,068,690 | 2,890,257 |
| Administrative/company/legal consultancy | 896,313 | 729,780 | 166,533 |
| Consultancy to associated companies | 8,837,955 | 5,407,055 | 3,430,900 |
| Auditors' fees | 138,524 | 118,462 | 20,062 |
| Travel and transfer expenses | 2,151,102 | 1,757,245 | 393,857 |
| Other staff costs | 171,589 | 179,218 | (7,629) |
| Utilities | 648,428 | 591,929 | 56,499 |
| Advertising and agency expenses | 313,664 | 250,729 | 62,935 |
| HW and SW maintenance | 45,710 | 76,654 | (30,944) |
| Insurance | 185,251 | 162,613 | 22,638 |
| Other costs | 779,270 | 450,841 | 328,429 |
| TOTAL | 21,126,753 | 13,793,216 | 7,333,537 |

The “Remuneration Report” contained herein should be referred to for details concerning the requirements of CONSOB resolution no. 11520 of 1 July 1998 on remuneration for Parent Company Directors and Statutory Auditors for their role in companies included in the scope of consolidation.

COSTS FOR LEASED ASSETS

The item “**costs for leased assets**” amounted to Euro 1,658,846 compared to Euro 1,568,937 the previous year and is broken down in the table below:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|------------------------|------------------|------------------|---------------|
| Rental expenses | 551,175 | 539,588 | 11,587 |
| Car rental/leasing | 403,043 | 362,933 | 40,110 |
| Rental of other assets | 681,367 | 571,305 | 110,062 |
| Royalties | 23,261 | 95,111 | (71,850) |
| TOTAL | 1,658,846 | 1,568,937 | 89,909 |

SUNDRY OPERATING EXPENSES

In 2011 “**sundry operating expenses**” amounted to Euro 528,993 compared to Euro 412,057 the previous year and is broken down in the table below:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|------------------------------|----------------|----------------|----------------|
| Annual subscriptions | 79,426 | 48,115 | 31,311 |
| Taxes | 85,850 | 60,178 | 25,672 |
| Penalties and fines | 40,617 | 26,465 | 14,152 |
| Charitable donations | 13,660 | 23,180 | (9,520) |
| Contingency liabilities | 126,686 | 147,761 | (21,075) |
| Bank charges and commissions | 151,052 | 96,727 | 54,325 |
| Sundry expenses | 31,702 | 9,631 | 22,071 |
| TOTAL | 528,993 | 412,057 | 116,936 |

INVENTORIES AND PROVISIONS

The item “**inventories and provisions**” amounted to Euro 214,392 compared to Euro 1,118,850 the previous year and is broken down in the table below:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|---|----------------|------------------|------------------|
| Provision for inventory devaluation risk / work in progress | 2,226 | 500,000 | (497,774) |
| Provision for tax litigation risks | - | 554,370 | (554,370) |
| Provision for risk testing research project | 212,166 | 64,480 | 147,686 |
| TOTAL | 214,392 | 1,118,850 | (904,458) |

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

The item “**amortisation, depreciation and write-downs** “ amounted to Euro 2,072,162 compared to Euro 2,080,710 the previous year and comprise amounts pertaining to the reporting period for amortisation and depreciation of intangible and tangible assets and write-downs. The table below provides a breakdown for the item as well as a comparison with 2010.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--------------------------------|------------------|------------------|----------------|
| Amortisation intangible assets | 1,468,421 | 1,365,876 | 102,545 |
| Amortisation tangible assets | 544,292 | 579,483 | (35,191) |
| Provision for bad debts | 59,449 | 129,854 | (70,405) |
| Other Assets write-downs | - | 5,497 | (5,497) |
| TOTAL | 2,072,162 | 2,080,710 | (8,548) |

Amortisation of intangible assets amounted to Euro 1,468,421 and is detailed in the section on intangible assets in these explanatory notes.

Depreciation of tangible assets amounted to Euro 544,292 and is detailed in the section on tangible assets in these explanatory notes.

The provision for bad debts amounted to Euro 59,449 and refers to receivables considered as uncollectible.

FINANCIAL INCOME AND CHARGES

INCOME FROM EQUITY INVESTMENTS

The item **“income from equity investments”** amounted to Euro 4,994,522 compared to Euro 5,050,625 the previous year and refers to the distribution of dividends, which were managed by Exprivia S.p.A. but distributed by the subsidiaries Svmservice S.p.A. (Euro 4,111,020) and Exprivia Solutions S.p.A. (Euro 883,502).

INCOME FROM SUBSIDIARIES

The item **“income from subsidiaries”** amounted to Euro 82,304 compared to Euro 28,487 in 2010, and it refers to interest accrued from cash pooling with the subsidiaries Exprivia Projects S.p.A. and Exprivia Solutions S.p.A., and interest on medium/long-term lending to the subsidiaries Exprivia Solutions S.p.A and ProSap SL.

OTHER INCOME OTHER THAN THE ABOVE

The item **“other income other than the above”** at 31 December 2011 amounted to Euro 298,726 compared to Euro 7,096 in 2010. The table below provides details on the items.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-------------------------------------|----------------|--------------|----------------|
| Bank interest receivable | 10,922 | 7,004 | 3,918 |
| Revenues from financial derivatives | 271,616 | | 271,616 |
| Rounding up of assets | 16,188 | 92 | 16,096 |
| TOTAL | 298,726 | 7,096 | 291,630 |

INTEREST AND OTHER FINANCIAL CHARGES

The item **“interest and other financial charges”** amounted to Euro 1,798,631 compared to Euro 1,417,722 in 2010. The table below provides details on the items.

| Description | 31/12/2011 | 31/12/2010 | Variation |
|--|------------------|------------------|----------------|
| Bank interest payable | 718,338 | 424,567 | 293,771 |
| Interest on loans and mortgages | 828,929 | 700,287 | 128,642 |
| Sundry interest | 96,024 | 106,532 | (10,508) |
| Charges on financial products and sundry items | 130,884 | 173,109 | (42,225) |
| Substitute tax on loans | 24,456 | 13,227 | 11,229 |
| TOTAL | 1,798,631 | 1,417,722 | 380,909 |

FINANCIAL CHARGES TO SUBSIDIARIES

The item “**financial charges to subsidiaries**” amounted to Euro 13,481 compared to Euro 9,895 and mainly refers to interest for cash pooling with the subsidiary Exprivia Solutions S.p.A..

PROFIT/LOSS ON CURRENCY EXCHANGE

The item “**profit/loss on currency exchange**” amounted to Euro 1,711 and refers to the gains on foreign commercial transactions.

YEAR-END INCOME TAX

The item “**year-end income tax**” amounted to Euro 1,047,452 compared to Euro 1,779,470 in 2010. The table below provides details on the item:

| Description | 31/12/2011 | 31/12/2010 | Variation |
|-----------------------|------------------|------------------|------------------|
| IRES | (232,594) | 701,794 | (934,388) |
| IRAP | 1,104,006 | 1,242,000 | (137,994) |
| Deferred taxes | (53,530) | (74,907) | 21,377 |
| Taxes paid in advance | 229,570 | (89,417) | 318,987 |
| TOTAL | 1,047,452 | 1,779,469 | (732,018) |

The table below shows the reconciliation between theoretical IRES charge reported in the balance sheet and the actual tax charge:

| Description | Amount | Tax |
|-------------------------|-------------|------------------|
| Profit before taxes | 4,262,895 | |
| Set Theory | 27.5% | 1,172,296 |
| Changes in net tax | (5,108,693) | (1,404,891) |
| Set Theory | (845,798) | |
| Income Tax | | (232,594) |
| IRES OF THE YEAR | | (232,594) |




The net tax change of Euro 5,108,693 is mainly composed of the non-taxable amount of dividends received by the company (Euro 4,744,796).

YEAR-END PROFIT (LOSS)

The income statement closed with a profit (after tax) of Euro 3,215,443 and is confirmed in the balance sheet as well.

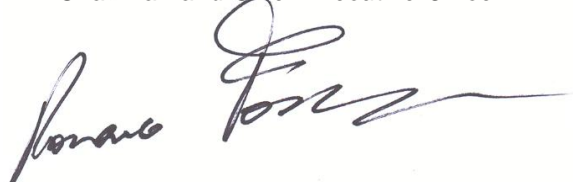
These financial statements, which comprise the balance sheet, income statement, comprehensive statement of income, cash flow statement, directors' report and explanatory notes, are an accurate and correct representation of the equity and financial situation of the company as well as its year-end profit, and they correspond the corporate accounting records.

We would like to thank you for your trust and we encourage you to approve the financial statements as presented. We also propose that the profit of Euro 3,215,443 be distributed as follows:

| | |
|---|-------------------|
|  Legal Reserve | Euro 160,772.15 |
|  Dividends to be distributed | Euro 1,608,402.70 |
|  Extraordinary Reserve | Euro 1,446,268.15 |

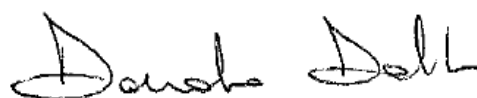
Molfetta, 13 March 2012

Chairman and Chief Executive Officer



Domenico Favuzzi



Executive Responsible for Preparing Corporate Accounting Documents



Donato Dalbis

STATEMENT FOR YEAR-END FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER AND CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED

The undersigned Domenico Favuzzi, CEO, and Donato Dalbis, executive responsible for preparing the corporate accounts of Exprivia S.p.A., certify the following, taking into account the provisions of Art. 154-*bis* (3, 4) of Legislative Decree no. 58 of 24 February 1998:

-  Adequacy, in relation to the characteristics of the company and
-  actual application

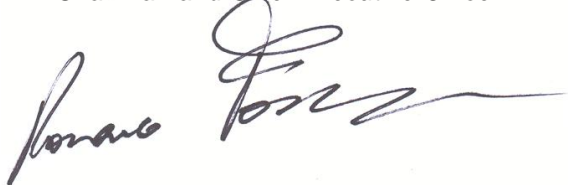
of administrative and accounting procedures to draft the year-end financial statements for the reporting period at 31 December 2011.

Furthermore, it is certified that the financial statements:

- a) Correspond to accounting records;
- b) Were prepared in accordance with International Financial Reporting Standards, which were adopted by the European Commission with regulation 1725/2003 as amended, and are suitable for giving an accurate and correct representation of the equity, economic and financial situation of the company.
- c) The Directors' Report for the group includes a reliable analysis that is consistent with the financial statements, operating trends and results, and also the situation of the company, together with the description of the main risks and uncertainties.

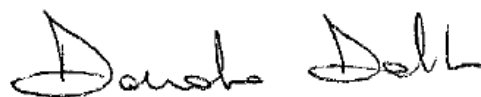
Molfetta, 13 March 2012

Chairman and Chief Executive Officer



Domenico Favuzzi

*Executive Responsible for Preparing Corporate
Accounting Documents*



Donato Dalbis

EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2011
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N.39 OF JANUARY 27, 2010

AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of
Exprivia S.p.A.

1. We have audited the consolidated financial statements of Exprivia S.p.A. and its subsidiaries (the "Exprivia Group"), as of and for the year ended December 31, 2011, comprising the consolidated balance sheet, the consolidated income statements, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These consolidated financial statements, prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the prior year's data presented for comparative purposes, reference should be made to our audit report dated March 16, 2011.

3. In our opinion, the consolidated financial statements of the Exprivia Group as of and for the year ended December 31, 2011 comply with the International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position, of the results of operations and of the cash flows of the Exprivia Group for the year then ended.
4. We point out the following information, disclosed and more detailed in the explanatory notes to consolidated financial statements:
 - Exprivia S.p.A.: following to the official record of findings dated December 18, 2007, were issued reports on tax assessment notified by the "Agenzia delle Entrate di Milano 3" (tax inspectors) for the fiscal years 2002, 2003 and 2004 and by the "Agenzia delle Entrate di Bari" for the fiscal years 2005 and 2006 concerning basically identical findings regarding the *income taxes*; Exprivia Directors, based on the advice of the professionals charged with the above mentioned proceedings, consider the provision reported in the financial statements appropriate.

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- Subsidiary Wel.Network S.p.A.: two different reports on tax assessment has been notified by the tax inspectors ("Agenzia delle Entrate – Direzione Provinciale di Piacenza – Ufficio Controlli") on December 18, 2009 and on December 14, 2010 respectively, for the fiscal year 2004 and 2005. The assessments are directly related to the general tax inspection for income tax years 2004, 2005 and 2006. The issues raised in the reports were rejected by the Company through an extensive memory of defense providing an adequate explanation of the operations performed. Wel.Network Directors, based on the advice of the professionals charged with the proceeding, consider the provision reported in the financial statements appropriate.
5. The Directors of Exprivia S.p.A. are responsible for the preparation of the Report on Operations and the annual Report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual Report on Corporate Governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n.001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual Report on Corporate Governance are consistent with the consolidated financial statements of the Exprivia Group as of and for the year ended December 31, 2011.

Bari, Italy March 28, 2012

PKF Italia S.p.A.
Signed by
Francesco Demonte
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE STATUTORY
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2011
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N.39 OF JANUARY 27, 2010

AUDITOR'S REPORT
ON THE STATUTORY FINANCIAL STATEMENTS
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of
Exprivia S.p.A.

1. We have audited the statutory financial statements of Exprivia S.p.A. as of and for the year ended December 31, 2011, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These financial statements, prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the prior year's data presented for comparative purposes, reference should be made to our audit report dated March 16, 2011.

3. In our opinion, the statutory financial statements of Exprivia S.p.A. as of and for the year ended December 31, 2011 comply with the International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position, of the results of operations and of the cash flows of Exprivia S.p.A. for the year then ended.
4. We point out the following information, disclosed and more detailed in the explanatory notes to financial statements:
 - Following to the official record of findings dated December 18, 2007, were issued reports on tax assessment notified by the "Agenzia delle Entrate di Milano 3" (tax inspectors) for the fiscal years 2002, 2003 and 2004 and by the "Agenzia delle Entrate di Bari" for the fiscal years 2005 and 2006 concerning basically identical findings regarding the *income taxes*; Exprivia Directors, based on the advice of the professionals charged with the above mentioned proceedings, consider the provision reported in the financial statements appropriate.

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5. The Directors of Exprivia S.p.A. are responsible for the preparation of the Report on Operations and the annual Report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual Report on Corporate Governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n.001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual Report on Corporate Governance are consistent with the financial statements of the Exprivia S.p.A. as of and for the year ended December 31, 2011.

Bari, Italy March 28, 2012

PKF Italia S.p.A.
Signed by
Francesco Demonte
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

REPORT OF THE BOARD OF AUDITORS ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011, IN ACCORDANCE WITH ART. 41 ITALIAN LEGISLATIVE DECREE DATED 9 APRIL 1991, NO. 127

Dear Shareholders,

As part of our duties, we have checked, in accordance with Art. 41 Italian Legislative Decree no. 127/1991, the consolidated financial statements at 31 December 2011 for the Exprivia Group, which show total assets of €197,897,777, net equity of €67,240,606, operating profit of €3,206,289, production revenues of €120,631,619 and EBITDA of €13,873,882 amounting to 11.50%.

The audit by the Board of Auditors also included analysis of the movement of net equity, the cash flow statement made on the same date, the explanatory notes and, lastly, the management report which is consistent with the accounting document that was subject to close analysis and, finally, the report by the independent auditors which carried out their examination in line with Articles 14 and 16 Italian Legislative Decree no. 39/2011.

All the aforementioned documents were produced by the various entities responsible for such, in full compliance with the terms set out by Art. 154 ter Italian Legislative Decree no. 58/98 and by Art. 2.2.3 Paragraph 3 a) of the Market Regulations organised and run by Borsa Italiana S.p.A.

The determination of the scope of consolidation and the choice of correlative principles meet the requirements of IAS 27. The explanatory notes contain all information cumulatively provided for by Art. 38 and 39 of the aforementioned decree.

The significant events of the financial year 2011 are widely described in the management report.

First of all, we invited the Board of Directors and in particular the “Executive In Charge” of preparing the financial information on the financial statements always to take into due consideration, both for the Parent Company and for Subsidiary Companies, the joint document of the Banca d’Italia/Consob/ISVAP no. 4 dated 3 March 2010 in reference “*to information to be provided in the financial reports (annual and half-yearly budgets), on the asset impairment tests, on the debt contractual clauses and on the “fair value hierarchy”*”.

The management report contains, provides and illustrates all evidence, data and information required, respectively, by Art. 2428 Italian Civil Code and Art. 40 Italian Legislative Decree 127/1991, referred to above.

Finally, the management report clarifies and explains in an appropriate and exhaustive manner the economic, capital and financial position, the performance of previous management activity and the development of the same, post-year end 2011, relating to the totality of companies involved in the consolidation.

Report of Board of Auditors

In relation to the provisions of Consob Communication dated 6 June 2001, no. dem/1025564, please refer to the contents of the report on the parent company's financial statements.

The "ORGANISATION, MANAGEMENT AND CONTROL MODEL" adopted by the Parent Company Exprivia SpA Italian Legislative Decree 231/2001 has already been adopted by the majority of subsidiary companies, while it is being implemented by the rest.

The Board of Auditors, following the joint document of the Banca d'Italia, Consob, ISVAP dated 03.03.2010, which highlights the need to report any financial liabilities that do not comply with the contractual clauses, notes that the active flows of credits towards the public sector, while not presenting a credit risk, does involve significant delays which negatively affect good financial management.

The board confirms to the Shareholders that all financial data is explicitly and correctly shown in the report of the Board of Directors and that the Cash Flow generated from operating activities amounts to €6,755,715 equal to 5.60% of production revenues amounting to €120,631,619.

The employees and collaborators of the Exprivia Group at 31/12/2011 numbered 2011.

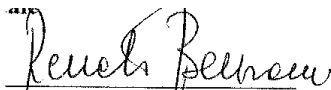
The Board of Auditors acknowledges the judgement expressed by the Independent Auditors PKF Italia Spa in its report dated 28/03/2012, in accordance with Articles 14 and 16 Italian Legislative Decree 39/2010, according to which the financial statements "at 31 December 2011 are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union, along with the measures issued in implementation of Art. 9 Italian Legislative Decree no. 38/2005; they are therefore drafted with clarity and are a true and accurate representation of the capital and financial situation, the operating result, and the consolidated cash flows of Exprivia S.p.A. for the financial year ending at that date" and refers to what is set out therein in relation to the information notice references, agreeing with its contents.

For everything set out herein, the Board of Auditors has no further comments to make on the relevant accounting document and expresses its favourable opinion upon its approval.


Molfetta, 28/03/2012

The Board of Auditors


Renato Beltrami



Gaetano Samarelli



Ignazio Pellecchia



REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING OF THE COMPANY EXPRIVIA S.P.A. ON THE FINANCIAL STATEMENTS CLOSING AT 31 DECEMBER 2011 IN ACCORDANCE WITH ART. 153 ITALIAN LEGISLATIVE DECREE NO. 58/98

Dear Shareholders,

With this report, the Board of Auditors reports on the supervisory activities performed and on anything else required of it by Italian Legislative Decree dated 24 February 1998, no. 58 and by Art. 2429 Italian Civil Code, also making reference to Consob communication no. DEM/1025564 dated 6 April 2001 (whose outline this report follows). The supervisory activity related both to ordinary management and to extraordinary transactions, and was performed in reference to the Principles of Conduct for Boards of Auditors approved by the National Council of Chartered Accountants and Accounts Experts.

All our actions were recorded in the minutes of 10 board meetings held during the course of the year 2011.

The financial statements for the Company closing at 31/12/2011 show operating profit of EUR 3,215,443 and were communicated to the Board of Auditors along with the management report in accordance with the law. The Board of Auditors has verified compliance with the rules of law applied in its preparation through its own checks and information provided by the Independent Auditors.

Our actions were focused, primarily, upon checking compliance with the law, the deed of incorporation and the articles of association, along with the principles of correct administration.

First of all, we invited the Board of Directors and in particular the "Executive In Charge" of preparing the financial information on the financial statements always to take into due consideration the joint document of the Banca d'Italia/Consob/ISVAP no. 4 dated 3 March 2010 in reference "*to information to be provided in the financial reports (annual and half-yearly budgets), on the asset impairment tests, on the debt contractual clauses and on the "fair value hierarchy"*".

1. The transactions of greatest economic, financial and capital significance completed by Exprivia SpA during the financial year 2011 were regularly and fully reported to the Board of Auditors by the Directors. Those transactions are more analytically described in the Management Report by the Directors, to which reference is made for further details.

In the opinion of the Board, the transactions completed are compliant with the law and the deed of incorporation, they are in the interests of the Company, they are not manifestly imprudent or reckless, nor are they in contrast with the resolutions taken by the Shareholders' Meeting or by the Board of Directors.

Report of Board of Auditors

2. The extraordinary transactions are described in detail in the Management Report. In particular, it is highlighted that:

- a) in the month of **March 2011**, ProSAP Perù S.A.C. was incorporated and activated, with headquarters in Lima in Peru, 99.9% controlled by ProSAP SL (Spain) for development of the domestic market.
 - b) on **31 May 2011** the purchase of 51% of Realtech Italia Spa, a company specialising in the design and creation of IT solutions on the SAP platform, was completed.
 - c) on **25 July 2011**, Exprivia S.p.A. completed the acquisition of 100% of the share capital of Sistemi Parabancari S.r.l. (SisPa), a Milanese company belonging to the Banca Popolare dell'Emilia Romagna Group, leader in Italy in the outsourcing of IT, legal and administrative services aimed at factoring companies.
 - d) on **14 October 2011**, the purchase by Exprivia SpA of the shares in GST – Gruppo Soluzioni Tecnologiche Srl, held by Dedagroup SpA, was completed; with that acquisition, Exprivia's share of control in GST increased from 63.20% to 91.09%.
 - e) on **27 October 2011**, the binding purchase contract was signed by Exprivia SpA for the company Visiant do Brasil Serviços de Informatica Ltda, a Brazilian company specialising in IT Security solutions. The deed of purchase was completed in **February 2012**.
 - f) on **2 November 2011**, the purchase by Exprivia SpA of 30% of the shares in the start-up company TraxAll Srl was completed. This is a company able to offer on the SAP application platform outsourced management of travel and entertainment expenses for Italian and foreign companies.
 - g) on **19 December 2011** the purchase by Exprivia SpA of the shares in Infaber Srl held by its Sole Director, Dr Renato Bellotto, was completed; with this purchase, Exprivia's share of control in Infaber Srl increased from 50.10% to 60.00%.
 - h) on **30 December 2011**, the purchase by Exprivia SpA of the shares in GST – Gruppo Soluzioni Tecnologiche Srl, held by its Chief Executive Officer Dr Marco Biraghi, was completed; with this acquisition, Exprivia SpA became the Sole Shareholder of GST.
- The Board of Directors, liaising in this regard with the Independent Auditors, has not found any anomalies with reference to atypical and/or unusual operations with third parties or affiliate parties or intergroup transactions by Exprivia SpA.

As regards the transactions of an ordinary nature between Exprivia Spa and related parties, the relationships of exchange and collaboration are found to have occurred under normal market conditions and in the interests of the Company as they are aimed at rationalising group resources. These exchanges are mentioned in the Management Report at the paragraphs "Relationships with Group companies" and "Relationships with Affiliates".

The Board of Directors of the Company adopted, on 27 November 2010, a new Procedure for Transactions with Affiliates, containing provisions in relation to transactions with affiliates, in order to ensure the transparency and fairness, substantial and procedural, of transactions with affiliates implemented directly or through companies directly and/or indirectly controlled by the same (the "Exprivia Group").

That new procedure replaced the previous system which had been introduced on 26 March 2007 and is published on the website of the Issuer in the section “*Investor – Corporate Information Report*”.

3. The Board believes that the information notice provided in the Management Report prepared by the directors in relation to intergroup transactions and with affiliates is appropriate, as well as explaining the corporate interest in completing those transactions.

With reference to the introduction of the International Accounting Standards, the attention of the Shareholders is drawn to the fact that the Company has adopted those criteria since the financial year 2005 both in relation to its own financial statements and the statutory financial statements of its subsidiaries.

4. Inland Revenue Agency Milano³ Notice of Assessment for financial years 2002, 2003, 2004 onwards, itself subject to dispute; the Board of Directors deemed it appropriate to make a provision of EUR 754,370.00 in light of the rulings of the Milan CTP, which accepted the appeals brought by the company and the opinion of the professionals instructed to monitor the dispute on behalf of the Company.

In 2011 the Inland Revenue Agency Provincial Audit Office of Bari served Notices of Assessment for the tax year 2005 for IRES (Corporate Income Tax) and IRAP (Regional Income Tax) and for 2006 only for IRES purposes dealing with the same disputes already brought by the Milano³ Agency. The Company filed three appeals within the deadlines on 10/02/2011.

The developments on each of the disputes are as follows:

- IRPEG (Corporate Income Tax) 2002, the Inland Revenue appealed the ruling regarding the 2002 assessment with an appeal served on 10 June 2011 and the Company appeared at the appeal court filing its own counterclaims in accordance with the law;
- IRPEG/IRAP 2003, the ruling annulling the notice of assessment for 2003 is instead now res judicata due to the lack of submission of an appeal by the Inland Revenue;
- the Inland Revenue appealed the ruling annulling the assessments for 2004 by appeals served on 14 April 2011 and the Company appeared at the appeal court filing its own counterclaims in accordance with the law. The hearing to deal with discussion of the appeals is fixed for the day of 29 March 2012.

5. There are no statements, complaints or grievances of which the Board of Auditors has come to be aware.

6. During the course of the financial year, Exprivia SpA has not granted any assignments to individuals connected to the Independent Auditors PKF Italia SpA with permanent employment relationships.

7. The Board of Auditors has expressed its favourable opinion on the adequacy of the remuneration due to the Directors invested with particular duties.

The Board of Directors, at its meeting on 13 March 2012, resolved to continue to comply with the Corporate Governance Code, Article 6, approved in December 2011, which amends Article 7 *Report of Board of Auditors*

approved in 2010 in relation to the remuneration of directors and executives with strategic responsibilities.

Following that decision, the Board of Directors of the Company, meeting on 13 March 2012, at the proposal of the Remuneration Committee, defined a general policy for the remuneration of executive directors, other directors invested with particular duties and executives with strategic responsibilities. The directors will submit to the next Shareholders' Meeting called to approve the 2011 Financial Statements, a "remuneration report" which describes that policy.

8. During the year 2011 the Board of Auditors met 10 times. The auditors also attended 12 meetings of the Board of Directors. As identified by rule 8.C.4 of the Corporate Governance Code of listed companies, the Chairman of the Board also attended 4 meetings of the Internal Audit Committee and 4 meetings of the Remuneration Committee. The Executive Committee was not appointed.

9. The Board of Auditors has acknowledged and supervised, as far as its own responsibility extends, compliance with the principles of correct administration, through direct observations and by collecting information from managers of the Company and meetings with managers of the Independent Auditors for the purposes of the reciprocal exchange of relevant data and information. No comments are made in this regard.

10. The Board of Auditors has also acknowledged and supervised, as far as its own responsibility extends, the appropriateness of the organisational structure of the Company and the corporate organisation chart.

11. The supervisory activity of the Board also related to the appropriateness of the internal audit system. In this regard, the activity was performed with the collaboration of the managers in charge of coordinating the group administrative procedures, also relying upon exchanges of information with the Independent Auditors for aspects under its responsibility. It is noted that the company reconfirmed the allocation of the internal audit function to Dr Rosa Daloiso, who also covers the role of Quality, Process and Internal IT System Manager, along with that of non-executive director.

12. Quality certification: Exprivia renewed during the course of the financial year its ISO 9001/2008 certification and ISO 13485 certification and CE marking class 11b.

13. During 2011 the PDS (Programmatic Document on Security) was updated in accordance with Italian Legislative Decree no. 196/2003 and the RAD (Risk Assessment Document) was reissued in accordance with Italian Legislative Decree no. 81/2008 (formerly 626).

14. The administrative/accounting system is suitable and reliable for accurately representing management events. In particular, it is noted that during the financial year 2011 all companies were integrated into the parent company's IT system, thereby bringing all procedures in line, with the exception of companies acquired during the course of the financial year 2011.

Thus, for the companies GST Srl, Exprivia SL (Spain), Spegea Scarl, Sis.Pa. Srl and Realtech SpA at present there is no plan to integrate into the parent company's IT system.

15. Exprivia SpA has imparted to its subsidiary companies the appropriate instructions required to comply with the communication obligations provided for by law in relation to information intended for the public (Art. 114, Paragraph 2, Italian Legislative Decree no. 58/98).

16. The Company has its own "ORGANISATION, MANAGEMENT AND CONTROL MODEL" in accordance with Italian Legislative Decree no. 231/2001 and has established a

supervisory body consisting of 3 members including 2 external professionals and 1 employee of a group company.

In 2011 the Board verified that the Supervisory Body performed its auditing activity.

17. Exprivia SpA performs with regularity its function of “Direction and Coordination” pursuant to Art. 2497 et seq. Italian Civil Code.

18. The activity of direction and coordination pursuant to Art. 2497 et seq. Italian Civil Code is exercised by the parent company Abaco Innovazione Spa, with headquarters in Molfetta (BA), viale Olivetti 11/A. No conduct worthy of censure was identified.

19. At the date of approval of the draft Financial Statements for Exprivia SpA, 13 March 2012, the outstanding shares of nominal value of €0.52 each are no. 51,883,958 for corresponding Share Capital of €26,979,658.16. To date, therefore, the Share Capital is divided as follows:

- no. 3 shareholders with shareholdings greater than 2% with no. 29,280,029 shares which represent 56.4337% of the Share Capital
- floating shares no. 22,603,929 amounting to 43.5663%

20. With the Independent Auditors PKF we have verified that the asset valuations are consistent with the values shown in the Financial Statements.

21. At the Board of Directors’ meeting on 13 March 2011, the “Corporate Governance and Ownership Report” was approved. The Board believes that the document is appropriate to the size and organisation of the Company.

22. In relation to Corporate Governance, the Company applies a corporate governance model that draws upon the most significant aspects of the Corporate Governance Code for listed companies. In particular:

- the Board of Directors’ meeting on 13 March 2012, with a resolution approved by the Board of Auditors, pursuant to Art. 2386 Paragraph 1 Italian Civil Code co-opted in the capacity of Independent Director Mr Umberto Paolucci as the tenth director in replacement of Dr Carla Chiara Santarsiero who left the role to which she had been elected by the Shareholders’ Meeting on 28 April 2011. The Board of Directors thus consists of 10 members, including 3 independent members, 2 non-executive members and 5 executive members. 2 members of the Board of Directors are females. The Board has verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members. The criteria adopted comply with the provisions of the Corporate Governance Code in Articles 2 and 3.
- the Board of Directors has instituted:
 - the Remuneration Committee consisting of 3 independent members of the Board of Directors, in which the Chairman of the Board of Auditors participates.
 - the Internal Audit Committee assigned to assess the functioning of the internal audit system. The Committee consists of 3 independent members of the Board of Directors, in which the Chairman of the Board of Auditors participates.

23. The supervisory activity performed by the Board of Auditors has not highlighted any omissions, wrongful acts or irregularities worthy of note to the shareholders and supervisory bodies.

24. On 23 March 2012 the Board of Auditors, at the request of the Chairman of the Board of Directors of the Company, expressed its favourable opinion on the proposal of the Board of Directors to “authorise the purchase and disposal of own shares in accordance with Articles 2357 and *Report of Board of Auditors*

2357-ter Italian Civil Code, subject to revocation of the resolution assumed by the Ordinary Shareholders' Meeting on 28 April 2011".

25. At the next shareholders' meeting of 19 and 20 April 2012 the independent director Dr Umberto Paolucci must be reconfirmed.

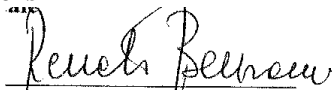
26. The Board of Auditors, acknowledging the judgement expressed by the Independent Auditors PKF Italia Spa in its Report dated 28/03/2012, in accordance with Articles 14 and 16 Italian Legislative Decree no 39/2010, according to which the financial statements "at 31 December 2011 are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union, along with the measures issued in implementation of Art. 9 Italian Legislative Decree no. 38/2005; they are therefore drafted with clarity and are a true and accurate representation of the capital and financial situation, the operating result, and the consolidated cash flows of Exprivia S.p.A. for the financial year ending at that date" and refers to what is set out therein in relation to the information notice references, agreeing with its contents.

In conclusion, the Board of Auditors of Exprivia S.p.A. proposes that the draft financial statements for the Company at 31 December 2011 are approved as prepared by the Board of Directors and has no objections to raise regarding the proposed allocation of the economic result for the year.


Molfetta, 28 March 2012

The Board of Auditors

Renato Beltrami



Gaetano Samarelli



Ignazio Pellecchia

