Annual Report as at 31 December 2012

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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 Financial Statements referring to 31 December 2012, compared with the same period of the previous year.

Please note that the figures as at 31 December 2011 did not include (i) Exprivia Do Brasil Serviços de Informatica Ltda, consolidated starting from 1 November 2011, and (ii) Sis.Pa Srl, consolidated starting from 1 July 2011 and Realtech Italia, consolidated starting from June 2011.
As at 31 December 2012 the consolidated figures reflect the changes in the percentage investments in InFaber Srl, Exprivia Do Brasil Serviços de Informatica Ltda and Datilog Srl, as described in the section Significant Events.

	31.12.2012	**31.12.2011**
Total production revenues	132,488,003	120,222,016
net proceeds and variation to work in progress to order	128,986,593	115,776,738
increase to assets for internal work	1,869,045	1,837,504
other proceeds and contributions	1,632,365	2,607,774
Difference between costs and production proceeds (EBITDA)	12,409,926	13,486,774
% on production proceeds	9.37%	11.22%
Net operating result (EBIT)	7,242,091	10,499,001
% on production proceeds	5.47%	8.73%
Net result	2,424,481	3,206,289
Group net equity	67,180,603	67,240,606
Total assets	187,120,765	197,897,777
Capital stock	26,979,658	26,979,658
Net working capital (1)	36,625,594	39,950,807
Cash flow (2)	5,833,084	6,755,715
Fixed capital (3)	90,324,982	87,619,519
Investment	4,048,426	7,668,109
Cash resources/bonds (*a*)	5,343,335	7,473,881
Short-term financial debts (*b*)	(39,824,155)	(38,053,114)
Medium-/long-term financial debts (*c*)	(9,551,977)	(13,774,738)
Net financial position (4)	(44,032,797)	(44,353,971)

(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 ammortisements
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 referring to 31 December 2012, compared with the same period of the previous year.

Exprivia Group	31/12/2012	31/12/2011
Index ROE (Net income / equity capital)	3.61%	4.77%
Index ROI (EBIT / Net Capital Invested)	6.43%	12.30%
Index ROS (EBIT / Revenues)	5.61%	9.07%
Financial charges / Net profit	124.79%	80.15%

The table below shows the main capital and financial indicators of the Group referring to 31 December 2012, compared with 31 December 2011.

Exprivia Group	31/12/2012	31/12/2011
Net Financial Debt / Equity Capital	0.66	0.66
Debt ratio (Total Liabilities / Equity Capital)	2.79	2.94

In 2012 **consolidated revenues** amounted to Euro 132.5 million, a significant increase (+10%) on the same period of 2011 (Euro 120.2 million). Consolidated net revenues came to Euro 129 million, increasing by 11% on the Euro 115.8 million in 2011.

Consolidated **EBITDA** amounted to Euro 12.4 million (Euro 13.5 million in 2011), equal to 9.4% of revenues. Consolidated **EBIT** amounted to Euro 7.2 million (5.5% of revenues), down on the Euro 10.5 million in 2011.

Lastly, **net profit** came to Euro 2.4 million (1.8% of revenues) compared to Euro 3.2 million in the previous year. The **net financial position** at 31 December 2012 was a negative Euro 44 million, stable compared to 2011.

The ratio of the net financial position to revenues improved further to 33% from 37% in 2011 and from 40% in 2010. The ratio of **net working capital** to revenues also improved, falling from 38% in 2010 to 33% in 2011, with an additional improvement to 28% in 2012.

Group Shareholders' Equity at 31 September 2012 was Euro 67.2 million, substantially unchanged compared to 31 December 2011.

Letter to Shareholders

Dear Shareholders,

Throughout 2012, fluctuations continued of the sometimes contradictory signs concerning the possible economic recovery. According to Bank of Italy estimates, the recession could come to an end in 2013, though an additional drop of 2 percentage points in the GDP is expected. Conversely, many market observers predict that a slight recovery could start in 2014.

Uncertainty was high throughout 2012. At European level, the sovereign debt crisis regarding Greece and, more recently, Cyprus, remained a threat to countries such as Portugal, Spain and even Italy, despite the results achieved in reducing public debt.

The effect of all of this uncertainty continued to be felt in terms of the availability of credit and, as a result, a generalised decline in investments. The impact on Information Technology services, our core market, meant that in 2012 there was a 4% drop in expenditures compared to 2011 (source: Assinform).

In this troubling scenario our Group continued to take a proactive stance, recording a considerable rise in 2012 in turnover with production revenues of Euro 132.5 million (+10%) and the acquisition of additional market share in Italy and abroad. Similar to 2011, this resulted in higher costs for integration activities, and lower earnings for the Group, which in any case ended the year with a net profit of Euro 2.4 million (-24%).

We have strongly focused on managing bank borrowing (Euro -44 million, stable compared to 2011), managing to reduce the need for working capital, despite the growth in turnover, and the non-recurring outlays to only the expenditures incurred to pay for the new acquisitions in Brazil and the acquisition of minority interests in InFaber. Thus, we minimised the impacts of the worsening of the credit crunch which exploded in 2011.

The growth strategy implemented in 2012, in line with the guidelines of the industrial plan 2011-2013, enabled us to differentiate and gear our offer towards activities that create greater value for our corporate customers and to position the company in all market segments as a leading IT partner.

In 2012 we continued to innovate. The top level of management was enhanced through the hiring of numerous managers well-known in the domestic and international markets, and a new organisational structure was implemented that is better geared towards objectives of growth and development. We continued investing in research and development projects through partnerships with prestigious universities and research institutions and made international investments in order to move up to 2012 the target of the industrial plan which projected the achievement of 10% of turnover outside of Italy by the end of 2013.

By consolidating the positioning of the offer in Italy and the expansion to other countries, our business segments recorded the following revenues in 2012:

(millions of Euro)	2012	2011	+/- %
Banks and Financial Institutions	22.2	17.4	+28%
Industry, Aerospace and Media	19.7	18.2	+8%
Utilities	26.0	21.1	+23%
Energy and Telecom	14.2	14.3	-1%
Health and Healthcare	26.1	30.3	-14%
Public Administration	6.8	4.7	+45%
International Business	12.2	8.2	+48%
Other	1.9	1.6	+18%
Total Revenues	***129.1***	***115.8***	***+11%***

From a financial standpoint, despite the high level of investments, as a result of positive cash flows deriving from operations and the management of net working capital (the ratio of net working capital to revenues decreased from 33% in 2011 to 28% in 2012), net borrowing remained in line with 2011.

The ratio of the net financial position to revenues improved further, to 33% from 37% in 2011 and from 40% in 2010.

In terms of business performance, in 2012 we further fine-tuned our actions on two large national markets the Group operates in, i.e. the Private and Public sectors.

The Public Market provided revenues of Euro 32.8 million, a decrease of approximately 6% on 2011 figures, owing to the differentiated performance of the various segments. The contraction in revenues for the Healthcare segment, in line with expectations, was offset by the increase in business development in the CPA-RPA segment, which benefited from a larger backlog from the previous years, but also from an increase in business from current contracts.

The Private Market has grown globally by 15.6% year-on-year, achieving total revenues of Euro 82.1 million, while the sub-market of professional services decreased by 3.8% (Assinform).

The Banks and Financial Institutions and Utilities Business Lines and, naturally, the international market, clearly stand out.

International development during 2012 was concentrated on consolidating presence in the Spanish market, developing the Latin America market and launching operations in Brazil.

In Spain, where the Exprivia Group operates through two subsidiaries, we expanded our product range. In Mexico an important contract was completed, with the purpose of updating the ERP SAP-based management information system of API, the public consortium that groups together all Mexican trading ports. Meanwhile, our subsidiary Prosap Mexico obtained the status of SAP Gold Partner in Central America. In Brazil, activities to expand the business into the IT Security sector is continuing, and targeted measures having the goal of carrying the offer of solutions and services into the healthcare sector and on SAP-based management IT systems in the forthcoming months have been defined.

In conclusion, despite the negative performance of the economy in Italy and Europe, by focusing on strengthening its offer in the digital economy and security segments, on acquiring and managing more complex contracts and on developing international markets, our Group was able to expand its business and its customer base, though with profit margins lower than forecast.

In order to pursue our plan for growth and development, the long-lasting scenario of profound uncertainty in the upcoming months requires that we implement additional measures and initiatives to offset the potential effects of this negative trend. Along with continuing our plans for strengthening and optimising our industrial capacity and increasing our research and innovation projects and international expansion, Exprivia has defined three additional plans which the management of the Group will focus on in 2013: streamlining the company and governance of the Group, rationalising and optimising the organisational structure and operating costs, and continuously improving the management of cash flows and loans.

Through these actions and plans, counting on the know-how and skills of our employees and the reputation we have built with leading domestic and international customers, we are certain that our Company will continue its process of growth and development, also this year.

The Chairman

Domenico Favuzzi

Corporate Bodies

Board of Directors

As at 31 December 2012 the Board of Directors, whose term of office will expire when the year-end 2013 financial statements are approved, is composed as follows:

BoD Member	Office	Executive/Non-Executive	Place and Date of Birth
Domenico Favuzzi	Chairman and Chief Executive Officer	Executive	Molfetta (BA) 18/04/1962
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18/09/1954
Pierfilippo Vito Maria Roggero	Chief Executive Officer	Executive	Milan 22/06/1954
Giancarlo Di Paola	Executive Officer	Executive	Bari 22/05/1952
Marco Forneris	Executive Officer	Executive	Caluso (TO) 19/02/1951
Rosa Daloiso	Non-independent Director	Non-Executive	Margherita di Savoia (FG) 05/04/1966
Valeria Savelli	Non-independent Director	Non-Executive	Matera 15/10/1962
Alessandro Laterza	Independent Director (*)	Non-Executive	Bari 9/02/1958
Giorgio De Porcellinis	Independent Director (*)	Non-Executive	Milan 21/01/1948

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

The Independent Director Umberto Paolucci, whose office was confirmed by the shareholders' meeting of 19 April 2012, submitted his resignation on 14 May 2012. It is also noted that the Exprivia Board of Directors meeting of 12 March 2013, on approving the Draft Financial Statements, co-opted Prof. Vito Albino as a third Independent Director, bringing the number of members of the Board of Directors to ten.

For the purpose of their office all directors are domiciled at the registered offices of the company in Molfetta (BA), Via Adriano Olivetti 11/A.

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 shareholders' meeting (please see Corporate Governance).

Board of Statutory Auditors

As at 31 December 2012 the Board of Statutory Auditors, whose term of office will expire when the year-end 2013 financial statements are approved, is composed as follows:

Member	Office	Place and Date of Birth
Renato Beltrami	Chairman	Storo (TN) 07/12/1942
Gaetano Samarelli	Standing Legal Auditor	Molfetta (BA) 07/12/1945
Ignazio Pellecchia	Standing Legal Auditor	Bari 28/06/1968
Leonardo Giovanni Ciccolella	Substitute Legal Auditor	Bari 24/06/1964
Mauro Ferrante	Substitute Legal Auditor	Bisceglie (BA) 01/11/1964

The Shareholders' Meeting of 28 April 2011 confirmed the previous Board of Statutory Auditors for 2011–2013. The term of office will expire when the year-end 2013 financial statements are approved.

Independent Auditors

The Independent Auditors for the Exprivia Group are PKF Italia S.p.A. Their appointment shall end on approval of the financial statements as at 31 December 2013.

Exprivia: One Step Ahead

The Company

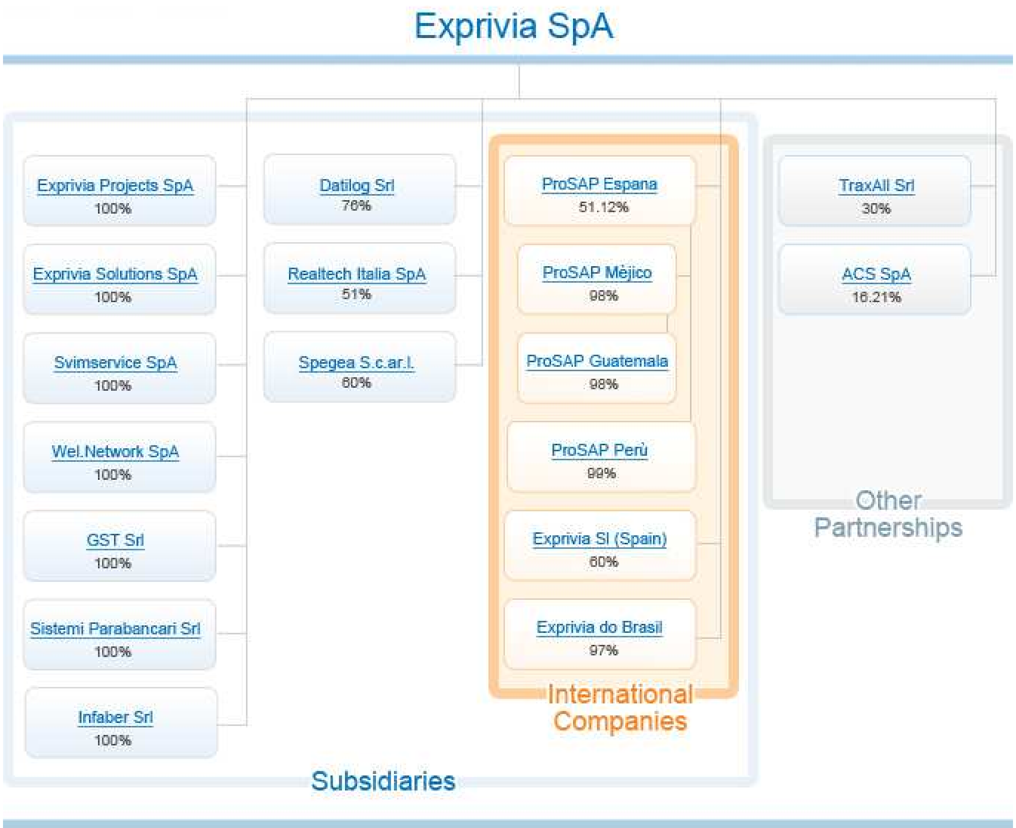
In Italy Exprivia is a leading international company in process consultancy, technological services and Information Technology solutions.

Our constant investments in research and development make us stand out as a benchmark for the creation of innovative solutions to meet the increasingly more sophisticated demands of our customers.

The company 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 its headquarters in Molfetta (BA), branches in Italy (Milan, Rome, Piacenza, Trento, Bari, Vicenza, Genoa, and Padua) and international branches (Spain, Mexico, Guatemala, Peru, and Brazil).

Exprivia has developed a quality system conforming to UNI EN ISO 9001:2008 for the effective management of company processes, guaranteeing the greatest transparency inside and outside the company.

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 national and regional public administration.

Exprivia Solutions S.p.A. holds 100% of the share capital of **Farm Multimedia S.r.l.** (in liquidation).

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 regional public administration.

As at 31 December 2011 Svimservice S.p.A. held 100% of the share capital of **Al Faro S.r.l.** (in liquidation), a company that was struck off the Companies' Register on 6 November 2012.

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.

GST S.r.l. holds 24.9% interest in the company **PerVoice S.p.a.**, a company specialised in voice recognition and processing technologies.

Sistemi Parabancari S.r.l. is 100% owned by Exprivia. Based in Milan and with Euro 580,000.00 share capital (fully paid-up), it is the leading company in outsourcing IT, legal and administrative services for factoring firms in Italy. SiSpa 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.

InFaber S.r.l. is 100% owned by Exprivia. Based in Molfetta with Euro 110,000.00 share capital (fully paid-up), it is a company specialised in supplying Manufacturing Execution System (MES) services and solutions for the Italian and international manufacturing market.

Datilog S.r.l. is 76% owned by Exprivia. Based in Milan with Euro 10,400.00 share capital (fully paid-up), it is a company specialised in supplying Warehouse Management System (WMS) solutions for automating complex warehouses and large-scale distribution centres.

Realtech Italia S.p.A. is 51% owned by Exprivia and has Euro 1,520,000.00 share capital (fully paid-up). It is an Italian company specialised in designing and setting up IT solutions on the SAP platform. From 1996 until 2011, 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.

Spegea S.C.a r.l. is 60% owned by Exprivia and has Euro 125,000.00 share capital (fully paid-up). It is a School of Management based in Bari, which 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.

"Consorzio Exprivia Scarl" was established on 6 September 2012. Exprivia SpA owns 55% of it and the remaining 45% is owned by the other Group companies that are 100% owned by the holding company. This Consortium aims to facilitate the participation of the Exprivia companies in public tenders for project development or service provision.

Foreign Companies

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 51.12% share.

Exprivia S.l., incorporated in April 2008 in Madrid, is a start-up dedicated to the development of IT solutions and systems for the Spanish healthcare market. Exprivia controls the company with a 60% share.

Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions that operates with about 16 employees at its headquarters in Sao Paulo. Exprivia SpA controls the company with a 97.00% share.

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, was formed to provide support for research in production sectors in the field of energy, to encourage the 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 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.

Distretto H-BIO Puglia a consortium company named “Puglia technology district for the health of persons and biotechnologies”, based in Bari, will develop its operations in the strategic areas of molecular diagnostics and integrated diagnostics products, treatment and rehabilitation products, and bioinformatics products.

The value of people, values and principles of Exprivia

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

Exprivia’s human resources make up its 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 and temporary 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 to 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, developing organisational behaviours, technical innovation and process skills and economic-financial skills.

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.

The 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, polytechnic institutions and research centres throughout the country well-known to produce new talent.

At Exprivia all processes for organisational 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 behaviours 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 customers 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 pursuing standards of excellence, innovative ideas, solutions, methods or opportunities to improve the quality of processes and products, setting challenging goals for themselves.

The Exprivia Business Model

The Exprivia Group is a leading Italian group specialised in designing, developing and integrating innovative software solutions and services with a wide range of skills gained from twenty years of working in its reference markets.

Its constant attention to the expansion and segmentation of the offer is confirmed by the over 2000 customers that are supported by the Group specialists on a daily basis with an extensive portfolio of proprietary solutions, and our main partners, combined with the high level technological skills that make them stand out.

The business model adopted by the Group is based on market segmentation as specified below:

- **Banks and Financial Institutions**
- **Energy and Telecom**
- **Industry, Aerospace and Media**
- **Public Administration**
- **Health and Healthcare**
- **Utilities**

Markets

Banks and Financial Institutions

Customers of banks and financial institutions are becoming increasingly demanding and require services that are available without interruption anywhere and from any device. Exprivia boasts more than 25 years of partnership with major groups and banks in Italy and abroad.

Together with more than 100 customers, Exprivia has searched and developed innovative technological solutions to control strategic processes, particularly in the credit, risk control and financial market field.

Finance

The financial market is constantly changing, thus forcing companies to continuously review their business model. Exprivia's experience in the Capital Markets means that it can provide each of its customers with innovative solutions that are customised to keep up with the continuously evolving market. Thanks to the skills gained from the **Murex** technological platform and the experience gathered together with major financial organisations, Exprivia is able to propose specific services and solutions for all the processes that are characteristic of the financial market.

Credit & Risk Management

For 25 years Exprivia has been present in banking, leasing and factoring institutions of all sizes spread across Europe. The proprietary solutions support the various phases of the credit life cycle in both operating and decisional terms: from the screening and resolution to periodic monitoring and dispute management.

Operational Management

Exprivia supports its customers with services that assist them in the operating management of IT systems in the financial sectors, provided in on-site and nearshoring mode. As regards operating management, Exprivia proposes comprehensive IT infrastructure optimisation services ranging from project consultancy to architectural designs and their implementation.

IT Security

Compliance, reputation and operating risks: these are the main issues that banks, and all the companies featuring systems that are accessible to a broad range of users, are trying to solve through "security technological instruments". These days the value of security for banks is driven by several factors, which all converge in a univocal need: having secure infrastructures, accesses and processes.

In the IT sector Exprivia supports its customers with its extensive security-related technological expertise combined with years of experience regarding the characteristic issues of the banking market.

Multichannel

As support for marketing, sales and customer service Exprivia has devised web 2.0 based services, solutions to manage unstructured information and mobile payment products.

Energy and Telecommunications

In the Energy and Telecommunications industry, Exprivia's experience derives from 10 years of partnership with the main multinationals in the sector, allowing it to propose innovative solutions and services that make companies competitive by optimising the sector-specific processes.

Energy

In the Energy market Exprivia has consolidated its position over the years through its ability to combine its knowledge of the best practices in the IT sector with specific skills related to processes for the extraction, transportation, storage, refining and distribution of oil and natural gas.

The in-depth understanding of the processes concerning the entities that operate in the oil and natural gas markets, combined with the knowledge of the innovative technological platforms, makes the Group an ideal partner for projects on both core (Work & Asset Management, Engineering & Automation) and non-core processes (AFC, HR, dematerialisation and storage).

Telecommunications

The Telecommunications sector is characterised by the continuous search for added value services to be offered to customers and by the need for competitive prices in order to maintain the acquired market share. In the telecommunications market, 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.

The expertise in this sector includes design activities and the creation of customer care & billing, pricing model configuration and CRM systems based on Business Process Management methods to encourage the integration of processes and information systems.

Exprivia also proposes solutions for the configuration and management of provisioning, order management, testing and quality control systems and the efficient management of network infrastructures, security, remote database management, configuration management, network management and performance analysis. Its technological skills allow the provision of cloud services, application management, ERP, payment systems and others, in partnership with telco providers.

Industry, Aerospace and Media

The value of IT only emerges when the instruments and the solutions are perfectly integrated in accordance with the individual peculiarities of each industry: size, production chain and distribution models. Exprivia supports large and small sized companies with flexible and modular technologies designed for each individual company requirement and for each of its production and organisational process.

The association with SAP, which started over 10 years ago, makes Exprivia one of the main reference partners in the Italian and international markets, also thanks to six hundred certified professionals specialised in ERP and logistics.

The widespread presence in Italy means that Exprivia can assist companies all over the country, also thanks to the innovative models for the provisions of services in nearshoring mode.

Large Corporations

Thanks to its consolidated expertise in the SAP sector, Exprivia is able to create integration projects through ERP, CRM, SCM, Business Intelligence and Analytics application and middleware platforms.

Implementations based on Simatic IT, Siemens Industry Software and with Service Oriented architectures are created in the Manufacturing Execution System (MES) sector.

In the Retail and Wholesale sector, Exprivia designs innovative solutions for any type of process, from back office to points of sale, for any reporting and analysis requirement and for any type of activity, BtB or BtC.

The history of Exprivia is full of Best Practices that have enabled it to create implementation models for the specific requirements of any market: Automotive, Aerospace, Consumer Products, Chemical & Pharma, Engineering and Construction, Food, Manufacturing Discrete and Process.

SME

Small-sized enterprises can also benefit from all the IT advantages of large corporations, with solutions and costs that reflect their smaller size. With this in mind, Exprivia has designed tools for SMEs featuring advanced functions that cover all the main core processes of the enterprise in the financial, commercial and logistic sector. IT management, service desk, server and desktop virtualisation services are also available to meet infrastructure needs.

In the Application Management field, the widespread presence all over Italy and abroad enables Exprivia to propose structured offers while guaranteeing high service levels.

Media

In the Media market Exprivia assists companies with solutions that support digital marketing by defining an integrated strategy that includes content management, Web 2.0 applications, search engines all the way to social media to obtain a synergy among contents, user profile and information programs.

Public Administration

The Public Administration market features IT solutions that simplify the processes of organisations to increase the quality and speed of the services provided to citizens and corporations. The modernisation policy of the Public Administration has generated a great demand for operating tools and models aiming to significantly improve the services and substantially rationalise public spending.

The Public Administration's objective of combining optimal expenditure with service quality can only be achieved by focusing on state-of-the-art technologies that make the provision of services more efficient.

In this scenario Exprivia has identified new effective solutions to computerise processes, ensure elastic and transparent management as well as improve and intensify communications among the various administrations, citizens and companies.

Exprivia's 10-year presence in the National and Regional Public Administration means that the Group's customers can benefit from its knowledge of both peripheral and central processes to better manage their complexity.

Public Administration reforms have significantly stimulated the adoption of innovative IT technologies to quickly achieve tangible results in terms of optimised expenditure and process industrialisations. To achieve these objectives the Group supports national and regional organisations on a daily basis, proposing the most suitable solutions to obtain efficient processes and reduce their expenditure.

For each area concerned by changes Exprivia offers solutions and services created with innovative technologies, in complete compliance with the strategic guidelines defined by the competent institutional bodies.

The range is divided into design, creation and management services in the following fields:

- products and services for the management area of Regional Bodies (financial statements and accounts, personnel, management control, demographic services, document management, personal services, etc.)
- eGovernement aimed at citizens, companies and institutions
- eProcurement to support purchase processes and the monitoring of suppliers' performance
- solutions for the management, storage and sharing of electronic documents
- solutions for planning and control using business intelligence platforms e business analytics
- performance measurement systems in Public Administration processes
- solutions to support administrative processes concerning self governance and cooperation between administrations based on the SOA paradigm
- web based solutions for the information exchange among bodies, citizens and companies via a single access point
- system integration, business continuity and disaster recovery solutions

Health and Healthcare

Care for patients has always been a pivotal point for all the activities of the healthcare system.

Starting from our focus on the patients and the continuous improvement of the healthcare services destined for them, Exprivia has devised its offer for the healthcare market with innovative solutions for governance and control at regional level, local care provided by local healthcare providers (ASL) and hospital care.

250 healthcare institutions and hospitals totalling 20 million assisted citizens: this is the result of the daily commitment ensured by a team of 350 professionals and the thirty years of experience in the healthcare segment.

For the Health and Healthcare market Exprivia has developed **e4cure**, a suite of solutions that brings together into one circuit all the players in the regional healthcare system, from health authorities to family doctors and accredited private clinics, also providing online services to the public. **e4cure** addresses all the needs of the healthcare market: from governance and control at **regional level** (Regions, Regional Agencies), to **local care** provided by local healthcare providers (ASL) and **hospital care** (hospitals, clinics and public and private healthcare facilities).

Utilities

The companies in the utilities sector are experiencing a complex historical period characterised by profound changes related to the liberalisation process and company mergers that generate an increasingly marked competitive pressure.

The Public Utility Services sector, which also includes energy, postal, environmental, water and transport services, has undergone significant transformations in the last ten years, which are related to the conversion into a joint stock company, the definition of service contracts to fulfil the public service obligations, the introduction of service charters for consumer protection, the regulation by independent authorities or the ministers in charge, the laying of the legislative and regulatory basis to start competition or the regulation of the regime for the concession of natural monopolies.

The separated management of the infrastructure (networked) from the services, the efficient management and profit control as well as the measuring of the service level are among the main aspects of importance in this context.

Exprivia assists its customers with solutions for the development and management of transversal and characteristic processes. In particular it proposes solutions aimed at ensuring an integrated management of administrative processes, efficient operating processes, the quality of customer services, process performance and compliance with service levels.

Skills

Exprivia proposes **a high-quality and competitive range of services** to the market, with a market value that is expressed through the accurate planning of the right mix of professional profiles, technological skills and in-depth knowledge of the specific markets.

The quality and competitiveness of the service provided is guaranteed by an offer that focuses on **Competence Centres** specialised in specific topics (Murex, Tibco, SAP, Java, proprietary applications, etc.), to share personal experience and the experience gained in companies in order to always ensure that the most suitable knowledge and expertise are delivered to the customer.

By structuring and formalising the processes, the Competence Centres accumulate the knowledge needed to make application management, project development and training services efficient both on site and remotely, all the way to the full outsourcing.

In methodological terms the Competence Centre is a mix between the ITIL best practices and the methodology of analysis for Jacobson's BPR processes.

This service model proposed by Exprivia ensures a suitable governance of the activities relating to:

- SLA (Service Level Agreement) monitoring
- Business continuity
- Change management
- Capacity management

The Group relies on a team of experts with domain functional and technical skills specialised in the various technological aspects:

- Capital Market
- Credit & Risk Management
- SAP
- Social & WEB 2.0
- IT Governance & Infrastructure
- Business Analytics
- Business Process Management & Enterprise Application Integration
- Business Process Outsourcing

Solutions

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 knowledge of specific market needs, the ability to manage complex projects and an internationally renowned research and development department, have made it possible to develop proprietary technological platforms and choose high quality third-party solutions, and in particular:

- Healthcare solutions
- Trading room solutions
- Credit & Risk Management solutions
- Mobile solutions
- IT infrastructure monitoring solutions
- SAP Suite solutions
- Security solutions
- Voice recognition solutions

2012 Market Trends

PUBLIC MARKET

Exprivia has identified and classified in what it calls the **Public Market** the Customers/Prospects in **Healthcare**(Regional and local healthcare providers, clinical-medical areas, public and private hospitals), **National and Regional Public Administration** (Municipal authorities, Provincial Authorities and Regional Authorities and their Associations or Investee Companies, Central Government Administrations, Government-owned companies, Social Security Entities) and, lastly **Utilities, Transport and Public Services**. The latter category includes companies operating in energy generation, management and development of transport networks and energy distribution and sales; companies operating in water collection, purification, transport, distribution and sales; companies operating in waste collection, transport, treatment, transformation, and storage; companies providing public transport by road in urban and suburban areas, by sea, by train and by air; companies that manage and develop transport networks, manage port, airport and railway systems; companies offering postal, logistics and integrated communications services; and regulatory and control authorities in the specific sector.

The Public Market business as a whole generated revenues of Euro **58.8 million,** a slight increase of approximately **5%** compared to the 2011 figures. Compared to the average decrease in revenues of approximately 4% expected for 2012 (*source: NetConsulting – October 2012*) this should be considered an excellent result. This was due to the differentiated performance of the various segments. The contraction in revenues for the Healthcare segment, in line with forecasts (-3.5%, forecast by *Netconsulting - October 2012*), was offset by the increase in business development in the Utilities and CPA-RPA segments, which certainly benefited from a backlog deriving from previous year’s tenders, but also from an increase in business from current contracts.

The details of the revenues concerning 31 December 2012 compared with the figures of the same period of the previous year, broken down by business area are shown below (in K €).

Exprivia Group (value in K €)	31/12/2012	31/12/2011	Variazioni %
Healthcare	26,124	30,338	-14%
Utilities	25,939	21,104	23%
Public Administration	6,762	4,676	45%
Total Public Market	**58,827**	**56,119**	**5%**

PRIVATE MARKET

Exprivia has defined the private market as the aggregate of segments such as Banks and Financial Institutions, Industry, Aerospace and Media, Energy and Telecom. The scenario is differentiated by the trends in the individual markets. 2012 was a horrible year for the Banking market, where costs and investments were reduced sharply (-4.4% in ICT investments year-on-year). Only certain areas were protected, for example, compliance, multichannel and security areas. In the insurance sector, innovation was focused more on the area of web channels targeted to the market, as well as several innovations in the area of CRM (Customer Relationship Management), though in a general context declining by 2.7%. In the industry, distribution and services sector, the market declined by an average of 4%, with sharper drops in the distribution area, caused by the crisis in consumer spending and in related ICT applications. Several positive effects on investments were seen on the market relating to the Fashion industry, products Made in Italy and food products in relation to international markets. As regards ICT, companies made investments in digital marketing, CRM, electronic commerce and logistics. In the Oil, Gas and Telco sector, the traditional IT market dropped, with innovation focused on Customer Care, new proposals for interaction between web consumers and companies.

Exprivia's private market grew globally by 13% year-on-year, 2012 vs. 2011, achieving total revenues of Euro 56.1 million, in a general downward trend of the global IT market, declining by 4.4%, 2012 vs. 2011 (source: Net Consulting – November 2012) and in a framework where the sub-market of professional services decreased by 3.8%.

The details of the revenues concerning 31 December 2012 compared with the figures of the same period of the previous year, broken down by business area are shown below (in K €).

Exprivia Group (value in K €)	31/12/2012	31/12/2011	Variazioni %
Banks and Finance	22,202	17,354	28%
Industry, Aerospace and Media	19,717	18,201	8%
Energy and Telco	14,173	14,294	-1%
Total Private Market	**56,093**	**49,850**	**13%**

Trend of Exprivia Group Results and Comments on the Performance of Individual Business Lines

The trend of **revenues per business area** rose by 11% in 2012 with respect to 2011.

The details of the revenues concerning 31 December 2012 compared with the figures of the same period of the previous year, broken down by business line are shown below (in K €).

Exprivia Group (value in K €)	Revenues				EBITDA/Revenues		
	31/12/2012	31/12/2011	Variations	Variations %	31/12/2012	31/12/2011	Variations
BL Banks and Finance	22,202	17,354	4,848	28%	19.1%	22.1%	- 3.1
BL Industry, Areospace and Media	19,717	18,201	1,515	8%	4.3%	8.8%	- 4.5
BL Energy and Telco	14,173	14,294	-121	-1%	14.0%	9.6%	4.4
BL Healthcare	26,124	30,338	-4,214	-14%	13.7%	20.3%	- 6.6
BL Utilities	25,939	21,104	4,835	23%	1.7%	4.6%	- 2.9
BL Public Administration	6,762	4,676	2,086	45%	-2.8%	-3.2%	0.4
International Aerea	12,192	8,215	3,977	48%	10.3%	-0.8%	11.1
Other	1,876	1,594	283	18%	13.5%	8.3%	5.2
Total	**128,987**	**115,777**	**13,710**	**11%**	**9.6%**	**12.0%**	**- 2.4**

The details of the revenues concerning 31 December 2012 compared with the figures of the same period of the previous year, broken down by area of operations are shown below (in K €).

Exprivia Group (value in K €)	31/12/2012	31/12/2011	Variations %
Projects and Services	111,417	99,146	12%
Maintenance	10,133	9,704	4%
HW/ SW third parties	2,984	2,949	1%
Own licences	2,575	2,384	8%
Other	1,876	1,594	18%
Total	**128,987**	**115,777**	**11%**

The details of the revenues concerning 31 December 2012, compared with the figures as at 31 December 2011, broken down by type of customer (public or private) are shown below.

Exprivia Group (value in K €)	31/12/2012	Effect %	31/12/2011	Effect %	Variations %
PRIVATE	95,354	73.9%	80,430	69.5%	18.6%
PUBLIC	33,633	26.1%	35,347	30.5%	-4.8%
TOTAL	**128,987**		**115,777**		**11.4%**

The details of the revenues concerning 31 December 2012, compared with the figures as at 31 December 2011, broken down by geographic area are shown below (in K €).

Exprivia Group (value in K €)	31/12/2012	Effect %	31/12/2011	Effect %	Variations %
ITALY	115,377	89.4%	105,820	91.4%	9.0%
FOREIGN	13,610	10.6%	9,957	8.6%	36.7%
TOTAL	**128,987**		**115,777**		**11.4%**

BANKS AND FINANCIAL INSTITUTIONS

In 2012, revenues for the Banks and Finance Business Line rose by over Euro 22 million compared to Euro 17.3 million in 2011, growth of 28%. These results are due a specialised offer in the Finance market (Capital Market applications) provided to leading financial institutions. The offer in the factoring sector was expanded with the contribution of Sis.Pa, a subsidiary of Exprivia S.p.A. The credit, credit and risk management solutions also showed growth of approximately 10%, safeguarding the installed base. Developing areas include multichannel banking and payment systems, which started operations with new banking customers. Last but not least, the IT security/compliance sector managed significant projects in GRC (governance and risk management). Testing began in leading banks in one of Exprivia's primary skill areas (business intelligence), as well as in innovative projects and big data and analytics.

INDUSTRY, AEROSPACE AND MEDIA

Revenues in the Industry, Aerospace and Media Business Line grew by 8% in 2012, from Euro 18.3 million (2011) to Euro 19.7 million (2012), in a context of a general downturn in the industry and distribution of services market, down 4% in 2012. This result can be attributed to internal growth and the consolidation of the acquisition in the area of Realtech Italia S.p.A.

Specifically, a decline in the defence market was offset by growth in industrial sectors, where the Group's market shares increased, such as, for example, in the manufacturing, retail, fashion and chemical sectors.

The customer base was provided with design services, application management services and in-cloud services, as part of mature offers such as those relating to ERP, HCM and extended ERP processes, rather than relating to highly innovative issues.

Of great importance for growth prospects are the experiences acquired in the area of mobility and analytics. Investments made on the SA Hana platform have positioned us among the leaders on the Italian market. Positive results in terms of the offer were achieved in the development of web solutions and portals, bringing the efforts capitalised on in our Research and Development laboratories to the market.

Value for our customers is represented by the services provided by our factories, spread throughout Italy, which enable us to combine quality and competitive prices, with a time-tested model for organising work.

ENERGY AND TELECOM

In 2012, the Energy and Telecom Business Line achieved substantially the same result as in 2011, amounting to Euro 14.2 million. This result can be attributed to the share of revenues in professional services, from projects from customers and to the effort made in marketing the Exprivia's overall offer in segments with higher added value. It is important to note that for our leading customer in the Energy sector, as well as for our presence in the traditional ERP segment, we developed analytics applications, portals and self service applications (web) designed to transform the user's internal and external relationship with the company. Another important area is IT security, which initiated projects and developed prospects in the Energy and Telecommunications sector. In this latter sector, the focus of sales actions on global offer partnerships (ERP, BI, security etc.) is increasing the development of the market, and taking the form of new projects, both immediate and in the medium-term 2013 -2014.

HEALTHCARE

Revenues in the **Health and Healthcare** segment fell to Euro 26 million, down by 14% compared to 2011. This was mainly due to the realignment with the natural level of revenues generated in the **Medical and Hospital** sector, which did not execute significant projects, also due to a slowdown in demand. Another reason for the fall in revenues is the fact that the **Region and Territory** sector, represented by Svimservice S.p.A., recorded revenues of Euro 16 million, about 15% lower than in 2011. This was expected as a result of the commissioning of the healthcare IT system for the Puglia Region. In 2012, however, the range of applications were repositioned through the launch of the new integrated solution e4cure, which covers the areas of hospital and territorial management for healthcare companies.

Lastly, current revenues from **Voice Recognition**, amounting to 1.85 million were up by 12% compared to the corresponding period last year.

UTILITIES

The **Utilities** Business Line recorded revenues of Euro 26 million in 2012, an increase of 23% compared to 2011.

Revenues in 2012 were fully concentrated in "projects and services" as a result of a precise sales strategy that started in 2009 to cover this highly lucrative segment and limit the Group's presence in the "maintenance" and "third-party hardware and software" areas, 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 sales, digital and mobile channels. 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 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 execution phase, which shows that there remains a significant backlog of activities also for upcoming years.

Already in 2012 Exprivia was able to exploit the growing trend in progress of major energy players to increasingly outsource internal administrative processes, thereby turning the customer-supplier relationship into a logic of partnership.

PUBLIC ADMINISTRATION

The **Public Administration** Business Line recorded revenues of Euro 6.7 million in 2012, an increase of 45% compared to the 2011 results. The positive performance of revenues, deriving from new contracts and extensions of existing contracts, was impacted by a downturn in margins due to the change in the delivery method - requested by numerous bodies in order to reduce costs - as well as the start up of new activities, which coincides with the first revenue period.

The positive revenues should be considered significant, as they were achieved in a period where the tightening of expenditure reduction policies has led public bodies to reduce their ICT investments.

In the breakdown of revenues, there is an extremely high percentage in the “services” segment, to the detriment of sales of user licences. These “services” relate to proprietary software installed at customers' premises and system integration and application management activities.

In 2012 the foundations were laid for an increase in turnover and margins in the next year. In 2013 Exprivia will be involved in much of the content areas of the Digital Agenda, as well as in enhancing the value of its investments through software reuse. In line with the approach of the Public Administration, the current offer will be revised according to open source and open data logics.

INTERNATIONAL BUSINESS

International development in 2012 was concentrated in consolidating the presence in the Spanish market and in developing the Latin America and Brazil market.

In Spain, where the Exprivia Group is present through two subsidiaries, the characteristic product range of **Prosap (Profesionales de Sistemas Aplicaciones y Productos SL)**, based on ERP applications and SAP services for industry and distribution, and of **Exprivia SL**, with Business Intelligence solutions for the Healthcare sector, and web services (marketing and online sales) for Banks and large distribution companies, has been expanded.

In Mexico, where the Exprivia Group operates directly through **Prosap Mexico**, an important project is being completed. Its purpose is to update the ERP SAP-based management information system of API, the public consortium that groups together all Mexican trading ports. Prosap Mexico is a Gold Partner of SAP.

New contracts were acquired for the provision of PACS clinical solutions in other Latin American countries through the cooperation with partners specialised in the medical sector.

Activities continue for **Prosap Guatemala**, which operates also in other Central America countries through the provision of application management services and the development of ERP SAP projects for several multinationals in the area.

The business activities of the company **Prosap Perù** are expanding. This start-up is focused on the industry sector and public administration, and is a partner of SAP Andina.

In Brazil, activities to expand the business of **Exprivia do Brasil Serviços de Informatica Ltda** into the IT Security sector is continuing, and targeted measures having the goal of carrying the offer of solutions and services into the medical sector and the ERP SAP products in the forthcoming months have been defined.

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 who significantly contribute to its development. In addition to the executive directors of the Group and subsidiaries, the Exprivia Group also has senior managers with many years of experience in the sector who play a decisive role in managing the operations.

During the first half of 2012 the top functions of senior management were considerably reinforced so as to lower the risk that some key figures might leave the company and to confirm the Group's ability of attracting leading figures in the national IT industry.

The loyalty-inducing tool to keep the most able and merit-worthy human resources through short-term (MBO) and long-term (LTI) incentive plans still continues. The plans are described in the Remuneration Report.

RISK RELATED TO DEPENDENCE ON CUSTOMERS

The Exprivia Group provides services to companies operating in different markets (Healthcare, Public Administration, Banks and Finance, Energy and Telecom, Manufacturing, Aerospace and Media and Utilities).

The revenues 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 Exprivia Group has therefore 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"). Should this insurance coverage be insufficient and should the Exprivia Group be required to pay for damages amounting to higher than the limits stipulated, the economic, capital and financial situation of the Exprivia Group could suffer significant negative effects, however in line with the risk parameters of the entire sector.

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. Nevertheless, please note that in 2012 the company was considerably active in foreign markets, where the country risk is under control and small in size.

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. The Group proved it is able to react to grow and maintain the necessary profitability, even in today's situation with the global economy declining. In this sense, the risks concern the overall duration of the depression cycle and the number of variables connected with the domestic and international political-economical system.

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

The Exprivia Group competes in markets of companies that are normally large, whose element for comparison is the capacity of economies of scale and adequate pricing policies. The Exprivia Group reduces this risk through an ongoing research and development activity encouraged by the Molfetta nearshoring centre, where it is possible to draw on human resources in line with the trends of the sector in consideration of the closeness of the university and the many activities being carried on with it.

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 the Exprivia Group has obtained various loans including several medium-long term loans 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 Group 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

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

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

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 bank debt, contracted in May 2008 with a pool of banks led by BNL, 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). Opening up to highly fluctuating markets (Brazil, for example) might constitute a risk to keep any eye on, but in any case depending on the volumes, which at this time are insignificant.

Significant Events: Company Events and Acquisitions/Sales

Acquisitions/Sales in the Exprivia Group

On 2 February 2012 Exprivia SpA concluded a binding agreement to acquire Visiant do Brasil, today Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions.

Pursuant to art. 2482-ter of the Italian Civil Code, the share capital of Datilog Srl totalling Euro 10,400.00 was re-established on 24 April 2012. Exprivia SpA subscribed and paid up 76% of this share capital.

On 15 June 2012 the shareholders' meeting of the company Exprivia do Brasil Serviços de Informatica Ltda resolved a face value capital increase for the minority shareholder, which subscribed to it at the same time.

Exprivia SpA acquired the shares held by minority shareholders on 21 June 2012 to become the sole shareholder of the company Infaber Srl.

On 25 July 2012, the Junta Comercial in Rio de Janeiro formally recorded a face value capital increase for and subscribed by the minority shareholder of Exprivia do Brasil Serviços de Informatica Ltda; the controlling share of Exprivia SpA is thus 97%.

“Consorzio Exprivia Scarl“ was established on 6 September 2012. Exprivia SpA owns 55% of it and the remaining 45% is owned by the other Group companies that are 100% owned by the holding company. This Consortium aims to facilitate the participation of the Exprivia companies in public tenders for project development or service provision.

Company Events

On 13 March 2012 the Board of Directors co-opted the independent director Umberto Paolucci.

On 19 April 2012 the shareholders' meeting of Exprivia SpA met on first call to approve the financial statements as at 31 December 2011 and the distribution of a dividend amounting to Euro 0.031 per share.

The Corporate Governance and Ownership Report and the Remuneration Report for directors and management with strategic responsibility of the Exprivia Group were approved during the same shareholders' meeting. Both reports are published on the company's website in the "Investor Relations - Corporate Governance - Corporate Information" section.

The shareholders' meeting also confirmed the appointments of Pierfilippo Roggero as Executive Director and Umberto Paolucci as Independent Director.

Lastly, the shareholders' meeting withdrew the authorisation to purchase and dispose of treasury shares resolved on 28 April 2011, and approved the issue of a new authorisation to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code.

On 26 April 2012 the company distributed a dividend of Euro 0.031 per share for a total amount of Euro 1,608,402.70.

On 14 May 2012 the Independent Director Umberto Paolucci resigned from the Board of Directors of the company owing to the concomitance of new obligations that had arisen.

As proposed by the Internal Control Committee and with the favourable opinion of the Board of Statutory Auditors, on 3 August 2012 the Board of Directors of the Company appointed Gianni Sebastiano "executive manager responsible for preparing the corporate accounts".

Mr. Gianni Sebastiano also took on the office of Investor Relations Manager starting from the same date.

Events after 31 December 2012

The Exprivia Board of Directors meeting of 12 March 2013 co-opted Prof. Vito Albino as a third Independent Director, bringing the number of members of the Board of Directors to ten.

On 12 March 2013, the Board of Directors of Exprivia SpA assignment Ms. Valeria Savelli the position of head of Internal Audit.

There were no events after the closing of the financial statements which could have significant impacts on the financial Statements themselves.

Exprivia's Stock Market Performance

Exprivia shares have been listed on the Electronic Share Market of Borsa Italiana (MTA – STAR segment) since August 2000 and on 28 September 2007 Exprivia joined the STAR segment (high performance securities).

The Share Capital as at 31 December 2012 consists of 51,883,958 shares 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 2012, the shareholder structure of Exprivia was as follows:

Shareholders	Shares	Shareholder
Abaco Innovazione S.p.A.:	25,190,309	48.55%
Merula S.r.l:	2,592,725	5.00%
Data Management S.p.A.:	1,055,001	2.03%
Azioni Proprie detenute:	950,024	1.83%
Altri azionisti (< 2%):	22,095,899	42.59%
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 2012.

Business Outlook

In 2012 the IT market recorded an additional downturn **of 4.4%** (Assinform figures) on the previous year.

Despite this continuing negative performance, by focusing on strengthening its offer in the digital economy and security segments, on acquiring and managing more complex contracts and on developing international markets, Exprivia was able to achieve increased revenues, though with profit margins slightly lower than forecast. Forecasts for 2013 confirm that the recessive phase in the IT market will continue and the Italian economic-political situation will remain uncertain and full of conflict.

This scenario of profound uncertainty requires the implementation of measures and initiatives to offset this negative trend.

On this basis, Exprivia has defined four strategies which Group operations will focus on in 2013:

1) Streamlining the company and governance of the Group;
2) Rationalising and optimising operating costs;
3) Reinforcing the Group's international operations (commercial and geographical);
4) Improving the financial position.

Investments

REAL ESTATE

All the real estate of the Group is in the name of the Holding 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 headquarters, 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-storey). 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.

In April 2012 Exprivia transferred its Milan branch from Via Esterle 9 to Via dei Valtorta 43, thus occupying a rented independent three-storey building with a total of 2500 sq. m of floor space available for office use. In order to furnish the new offices with the most modern equipment, the Company invested about Euro 0,700 million in infrastructures and furnishings for the new Milan branch during 2012.

The Company started expanding its Molfetta production unit during the first half of 2012, a project provided for in the programme agreement signed with the Regione Puglia on 5 December 2011 for a total value of Euro 10.4 million. The first stage of the investment in material assets, totalling Euro 5.6 million, is the erection of a new four-storey office building with a total of 2,500 sq. m of floor space.

RESEARCH & DEVELOPMENT

Despite the prolonged economic and financial crisis Exprivia, following the trend of other large corporations in the European Union[1], continues to rely on Research and Development activities to strengthen its market positions and acquire advantages from such positions in terms of competitiveness.

As in 2011, R&D in 2012 also focused on a series of research objectives within Exprivia's framework research project for the next few years, "*Città Digitale 2.0*". The project provided a technological and application framework to determine and define company innovation strategies.

Based on the activities conducted in the previous year, the Group worked to acquire new funding, to support the work to be carried out to realise projects which have been approved.

The primary project was **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

[1] Press release of the European Commission. "R&D Scoreboard: Despite crisis, top EU firms continue to invest in innovation"; Brussels, 6 December 2012 (http://euroeuroeuropa.eu/rapid/press-release_IP-12-1324_en.htm)

to analyse, shape and oversee port operations. The lead company in the entire SLIMPORT project is Elsag Datamat S.p.A. The SLIMPORT project was concluded in April 2012.
The **GeoCollaboration** system is one of the most interesting results of the SLIMPORT project as it is used on the market in a number of application fields. 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.

Thus, work continues on the following 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. The project will be concluded on 31 August 2013.

LOGIN – LOGistica Integrata (Integrated LOGistics) under Industry 2015 - Made in Italy. This project intends to develop a system that intervenes in specific industrial processes of the various systems , standardising the processes of individual production units, from the purchase of raw materials to the handling of products, up to delivery to customers. The project was launched on 1 July 2012 and will be completed in mid-2015.

The projects currently approved, for which contracts are being drawn up, include **VINCENTE**, a project with the goal of setting up a methodological, technological and services platform to create ecosystems for sustainable business, and **Puglia@service**, dedicated to searching for methods of scientific analysis for the design, production and provision of innovative services for the "Knowledge Intensive Services" (KIS) market. Both of these projects were developed and presented in cooperation with other members of the DHITECH S.c.ar.l High Tech District, which Exprivia is a part of. The Deed of Obligation undertaken with the Ministry of Universities and Research is expected to be signed in the first few months of 2013.

Contracts are also being drawn up for **two projects presented with the LAB GTP Laboratory**, dedicated to developing integrated bioinformatic tools for genomics, transcriptomics and proteomics.

The four projects in the contract phase are the fruit of joint work carried out as part of the national funding called PON (which stands for Programma Operativo Nazionale "Ricerca e Competitività" 2007-2013 [National Operational Programme "Research and Competitiveness"]) and concerning development of actions known as "*Hi-tech Districts and related networks*" and *"Public-Private Laboratories and related networks*" (Axis I - Support for structural changes), where funding is dedicated to extending and strengthening existing Districts and Laboratories.

Exprivia then participated in drawing up a series of proposals dedicated to the creation of *new Districts and/or new Public-Private Combinations* in the fields of Healthcare (**H-BIO Puglia** District), services dedicated to the elderly and disabled (Inclusion and domotics, New Public-Private Combinations **INNOVAAL**), and the supply of business services using technological innovating in the ICT field (New **SI-LAB** Laboratory). In April 2012 the Ministry of Universities and Research approved the funding for all three Feasibility Studies for the New Combinations listed above and, thus, in August 2012 launched negotiations with the Regional Administrations for the stipulation of the Programme Agreements. Following the Creation of the Ministry of Universities and Research Regions of Convergence Technical Committees (September 2012), at the start of 2013 the partners began their activities for drawing up and presenting research proposals to be submitted to the Ministry and which will benefit from funding approved by the Ministry for each new combination.

In September 2012, Exprivia also participated in the tender called by the Ministry of Universities and Research for the purpose of defining the National Technology Clusters (Notice Reg. No. 257/Ric. of 30 May 2012). The objective is to rebuild large combinations, starting from the single Districts - both old and new - on specific issues of strategic interest for national industry. Following the announcement of the Ministry's ranking in December 2012, Exprivia is specifically part of the following approved clusters: **1) Italy Transport 2020 – Means and systems for mobility on land and sea, 2) TAV- Technologies for Environments for Living, 3) CTN – TSC Technologies for Smart Communities, 4) CFI - Smart Factory, 5) CL.A.N. – Agrifood.**

Lastly, in November 2012 Exprivia presented projects in response to the Ministry of Universities and Research tender “Smart Cities and Communities and Social Innovation”, targeted to the entire country (Directorial Decree no. 391/Ric of 5 July 2012). The projects presented, which relate to the areas of “Ageing of Society”, “Land Transport and Mobility” and “Territorial Safety”, are currently being assessed by the Ministry’s experts.

The framework project includes the Regional Programme Agreement **Puglia Digitale 2.0** (Programma Operativo Regionale - POR Puglia [Regional Operational Programme]). The project is dedicated to using the Software as a Service (SaaS) paradigm to create an organised supply chain of 'digital services' starting from the district's present offer of software services and products. In its role of lead company, Exprivia sets out to complete the Digital City pilot application research in fields of interest such Infomobility, Ambient Assisted Living (AAL) & Telemedicine, Tourism, eGovernment and energy efficiency monitoring. The proposal was presented in cooperation with a group of companies in the Puglia area belonging to the Puglia IT Production District, and passed the first round of assessment (approval at the end of December 2012) by the experts of the Regione. The final plan was submitted in February 2013, in order to pass the second and last round of assessment.

The activities of the Mobile Competence Centre continue. It is mostly working on mobile solutions while enlarging the company's skill in a continuously and constantly growing technological and application field.

Lastly, in collaboration with the Municipality of Bari, the testing phase of the **“Bari Digitale”**, project was launched, that aims at creating a "Mobile Assistant" focused on Mobile Ticketing for Bus transport and Parking. The service offered by Exprivia to this town in Puglia aims at improving the usability of public transport and simplifying the payment for parking.

Events and sponsorships

In 2012 the Exprivia Group participated in and sponsored numerous initiatives summarised below.

- Exprivia sponsored **the launch of the Edotto Product (N-SISR from Svimservice),** in Bari at the Cittadella della Cultura – Archivio di Stato on 27 January. The event, which involved ministerial and regional authorities and management of Regional Healthcare Providers (ASR), focused on the presentation of the new EDOTTO project, which will replace the currently active regional healthcare IT system (SISR) from Svimservice, completing the system and adding new functionalities which will enable to Regione Puglia to improve its governance and monitoring of healthcare operations and expenditure.
- Exprivia was present at **Smau Bari**, held at the new pavilion of the Levante Conference Centre in Bari on 15 and 16 February. Among all the finalists of the Mob App Award 2012 at Smau BARI, Exprivia won with "Geocollaboration", a smartphone app for Android, which represents resources on georeferenced maps, identifies their location and allows them to communicate interactively with each other.
- Exprivia sponsored the "**Sicurezza ICT 2012**“ event, held in Milan on 14 March. The Sicurezza ICT 2012 is a roadshow on innovation in IT security and solutions for company IT systems.
- On 17 March 2012, Exprivia sponsored the **"Fismad Veneto Trentino Alto Adige 2012 Convention"** held in Belluno. The convention focused on presenting new therapies in gastroenterology and endoscopy through the experiences of the specialist departments of Veneto Trentino Alto Adige.
- Exprivia participated in the **Cyber Crime Conference**, held in Rome on 4 and 5 April, which covered issues linked to security and combating cyber crime.
- On 19 April 2012, Exprivia participated in the "**14th Finance IT Forum**" held in Sofia. In this 14th forum, the event brought together the needs of financial institutions in Bulgaria (Banks/Insurance Companies) with local and international IT providers.
- Exprivia participated in "**Med.it 2012** - the future of health – Innovation at hospitals and electronic healthcare”, held at the Vicenza Convention Centre on 19 and 20 April. At this event, dedicated to healthcare professionals, conferences, workshops and exhibition areas were set up for companies in the

sector, which examined the issues of technology and organisation for the sustainability and development of the healthcare service.

- On 17 May 2012, Exprivia participated in the "**Moldova ICT Summit 2012**" held in Chisinau, Moldova. This summit, organised by the Moldovan Association of Private ICT Companies, is the most important event for the ICT sector in Moldova, and brings companies together with European providers of Information Technology.
- Exprivia participated in the "**PA Forum**", held in Rome on 18 May. At this forum, which is the most important national event in the area of national and regional public administration, Regione Puglia presented the Edotto Project realised by the Exprivia Group.
- Exprivia participated in the **45th SIRM National Conference** held in Turin from 1 to 5 June. This biennial event is a keystone for hospital staff in Medical Radiology, and is set up in an exhibition space with parallel sessions that cover cutting edge issues in hospital radiology. Exprivia had a stand at the event, where it presented its new Healthcare suite, with the new brand e4cure.
- The Exprivia Group participated in the **SAP Forum**, which was held at the MiCo Convention Centre in Milan on 14 June. Exprivia and Realtech were present at the event with a joint desk, where the Group's offer in the SAP environment was presented.
- Exprivia participated in the Levante Trade Fair in Bari with a workshop held on 11 September, titled "**Smartphone for Smarter Cities**" overseen by Paolo Pannarale.
- Exprivia participated in Smau Milano 2012 held in Milan from 17 to 19 October 2012, at the stand of Regione Puglia, as a top-of-the-line company in the Puglia IT sector, holding a workshop headed by Luigi Dipace.
- In Brussels on 10 October 2012, Exprivia participated in the fourth "**European Innovation Summit (EIS),** an event which tackled the issue "Building Bridges - Creating Synergies". At this summit, Exprivia sponsored the Breakfast Debate where the issue "Smart Citizens in Smart Cities for an Inclusive Digital Europe" was covered.
- Exprivia participated in **Exalead,** held in Rome on 30 October 2012. For years, the Exalead seminar has successfully combined the web application paradigm with business processes to create strategic measures that enhance the value of company investments and simplify the use of complex applications. Exprivia participated in the seminar with a small exhibition space and a speech by Felice Vitulano, entitled "Free up the value of big data with Exprivia and Exalead".
- Exprivia promoted the event "**Exprivia – CyberArk: Privileged Users**" held in Milan on 8 November. The initiative, organised by Exprivia, presented the Group's offer of security products and solutions and, specifically, Privileged Users and Sessions.
- Exprivia participated in the **Green City Energy Forum** held in Bari on 12 and 13 November 2012, for students of Bari University. The forum specifically focused on the issue of technological innovation for the development of Smart Cities, founded on energy savings and efficiency systems, sustainable construction and innovative sustainable mobility projects. Exprivia's participation took the form of a session headed by Lucio Gadaleta, entitled "Solutions for Utilities and Innovative Projects in the Digital City".
- On 13 November 2012 Exprivia participated in **Sapphire Now 2012** in Madrid. This is the most important yearly international Business Technology SAP conference targeted to IT decision makers and business leaders.
- Exprivia participated in the "**AISIS Annual Convention** "- Associazione Italiana Sistemi Informativi in Sanità (Italian Healthcare IT Systems Association), held in Milan on 23 November. AISIS is an association established in 2003, for the purpose of increasing the visibility of professionals in Italian healthcare ICT, in public and/or private healthcare, focusing on issues relating to the use of ICT in healthcare as a strategic driver for change. Exprivia had its own exhibition space to present its range of healthcare products and solutions.

- Exprivia participated in the **International Salon on IT in Education & Business (SiEB)** which was held at the Foggia Convention Centre on 14 – 15 December 2012. At this event, Exprivia participated in the round table: "Electronic Healthcare: Hospitals and Local Areas – Experiences and Successes of Regione Puglia", headed by Domenico Favuzzi and Fabio Rossi, covering the achievements in the area of Electronic Healthcare in Puglia and the upcoming challenges in this field.

Human Resources, Staff and Turnover

Company	Employees 31/12/2012	Employees 31/12/2011	Temporary workers 31/12/2012	Temporary workers 31/12/2011
Exprivia SpA	750	736	70	53
Wel.Network SpA	104	117	2	2
Svimservice SpA	266	283	0	1
Exprivia Solutions SpA	108	110	9	18
Exprivia SL (Spain)	14	11	0	3
Exprivia Projects SpA	287	246	0	
GST Srl	11	11	0	1
Realtech Italia Spa	138	154	4	2
Datilog Srl	4	6	1	2
Prosap (Group) SL	145	160		2
InFaber Srl	21	20	0	0
Sispa Spa	56	60	1	2
Spegea S.c. a r.l.	9	9	2	4
Exprivia do Brasil Servicos de Informatica Ltda	10	10	5	6
Total	**1923**	**1933**	**94**	**96**
of which Management	*34*	*33*		
of which Middle Management	*187*	*180*		

Part-time workers make up about 18% of all employees, with 349 people working part-time in various configurations of contractual working hours as at 31 December 2012.

The tables below show the number of incoming resources (hires) and outgoing resources (dismissals), by contractual group and by Company.

HIRES

	MANAGEMENT			MIDDLE MANAGEMENT			OFFICE WORKERS			PROJECT-BASED CONTRACTORS		
	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12
Exprivia S.p.A.	3	2	0	3	4	2	39	7	3	15	9	12
Exprivia Projects S.p.A.	0	0	0	0	0	0	4	29	33	38	0	0
Exprivia Solutions S.p.A.	0	0	0	0	0	0	1	0	0	0	0	0
Svimservice S.p.A.	0	0	0	0	0	0	6	0	0	0	0	0
InFaber Srl	0	0	0	0	0	0	1	0	1	0	0	0
Wel.Network S.p.A.	0	0	0	0	1	0	1	0	1	0	0	0
Total	3	2	0	3	5	2	52	36	38	53	9	12
Total Population	29	30	27	118	123	126	1399	1381	1382	74	82	83
% Turnover	**10%**	**7%**	**0%**	**3%**	**4%**	**2%**	**4%**	**3%**	**3%**	**72%**	**11%**	**14%**

DISMISSALS

	MANAGEMENT			MIDDLE MANAGEMENT			OFFICE WORKERS			PROJECT-BASED CONTRACTORS		
	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12	30/06/12	30/09/12	31/12/12
Exprivia S.p.A.	1	1	1	2	0	0	19	19	12	1	0	2
Exprivia Projects S.p.A.	0	0	1	0	0	0	8	5	2	1	0	0
Exprivia Solutions S.p.A.	0	0	0	0	0	0	2	1	6	0	0	0
Svimservice S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0
InFaber Srl	0	0	0	0	0	0	0	1	0	0	0	0
Wel.Network S.p.A.	0	0	0	1	1	0	7	3	1	0	0	0
Total	1	1	2	3	1	0	36	29	21	2	0	2
Total Population	29	30	27	118	123	126	1399	1381	1382	74	82	83
% Turnover	**3%**	**3%**	**7%**	**3%**	**1%**	**0%**	**3%**	**2%**	**2%**	**3%**	**0%**	**2%**

Human Resources, Management Training and Development

The Exprivia Group is committed to maximising the value of its resources. Specifically, in 2012, particular attention was paid to skills. In Exprivia, knowledge is mainly located in the set of skills and experience of its people. For this reason, it is considered crucial to set up a process to record and measure skills acquired. The mapping and weighing of skills is called a Skill Inventory.

The Skill Inventory consists in:

- Selecting resources to assign to new projects;
- Determining the skills gap to direct the training process;
- Supporting the AS IS analysis to direct the selection process;
- Supporting Internal Placement in terms of reallocation;
- Supporting professional development (skills assessment, career planning, etc.);
- Providing useful information for determining organisational weight (in relation to the market and the organisation);

The Organisational Development department also provides support to the departments and units of the Group by improving tools for:

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

Throughout the company, the bonus 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.

In terms of Training, the Training Master Plan 2012, a planning tool, provided for approximately 17,075 hours of training with 789 participants, compared with approximately 20,000 hours of training and 641 participants.

The training programs conducted are listed below, broken down into macroarea:

- specialised technical skills: measures for developing technical knowledge and skills to support technological innovation and development programmes, through specialised training plans, also for the purpose of obtaining skills certification on completion. These training and specialisation courses 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. A total of 8237 hours of training were provided, with 256 participants.
- Management skills: measure to develop managerial skills of the Exprivia Group's middle management, i.e., focused on improvement organisational behaviours, in line with the development of the structure. A total of 6976 hours of training were provided, with 429 participants.

The following are specifically noted:

- Master in Business Administration (Corporate MBA), Exprivia Group training aimed at developing sound knowledge of general management, with the purpose of integrating different professional figures in the Group and improve the operational effectiveness of professional roles considered strategic for the organisation's objectives.

- Economic skills: actions to develop skills aimed at improving economic-production results or business development. These actions are included in the Corporate MBA.

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.

Exprivia has always aimed at the attainment of technical certification for its personnel, in this way ensuring its customers objective certification of the technical abilities of its staff. In 2012, 148 certification exams were taken and 124 were passed.

As for recruitment, the Exprivia Group has for the most part focused on benefiting from considerable investments in terms of new staff recruits in previous years, taking care of the development of new hires, with the aim of improving the quality of resources by developing skills and experience.

In 2012, 113 new resources were hired, including recent graduates in technical-IT fields and qualified professionals.

The recruiting processes were particularly focused on specialised experts in their respective sectors, as well as professionals with medium-high seniority. These new hires are aimed at increasing Exprivia's competitiveness in its markets of operation.

It is worth mentioning the 104 new hires in Business Process Outsourcing, who will work both in the Contact Centre and Back Office. In this area, in 2012, the trend was to focus on high quality of resources to be employed in professional areas that are increasingly demanding and challenging.

Also in 2012, Exprivia kept its links with universities, polytechnic institutions and research Centres alive, in the full knowledge of the added value in terms of potential and skills contributed by recent graduates. This collaboration was increased sharply, in terms of:

- seminars for final-year university students (specifically, for those obtaining IT and Engineering degrees), in order to inform them of the opportunities that Exprivia offers in terms of potential in innovation;
- start-up and monitoring of internships and training periods offered to university graduates and final-year university students (more than 20 training periods and internships were started in 2012). This channel is highly virtuous since it offers the intern the important chance to make a foray into topics directly connected with the corporate business while guaranteeing a virtuous relationship with the academic world.

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. 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 performs its job in observance of the tasks assigned to it by the Model and Regulations/Articles of Association it has independently adopted, all with the aim of supervising the model's operation and of updating it.

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

During the second half of 2012 an outside body checked that the ISO 9001:2008 certification is fulfilled, which resulted in renewal of the certificate.

A check that ISO 13485 certifications and EEC marking (in conformity with the 93/42/EEC directive) for medical devices is fulfilled was performed in March 2012, which resulted in confirmation of the certificates.

In November 2012, Exprivia obtained ISO/IEC 27001 certification (Information security management systems - Requirements) for its Molfetta production facility, for the following certification purposes:

> *Analysis, design, development, installation, maintenance and management of Information Systems. Design, development and provision of technical and operational services for Information Systems.*

In addition to the holding company, 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., GST Gruppo Soluzioni Tecnologiche S.r.l. and Realtech Italia S.p.A.

Security Planning Document

In accordance with the provisions of the "Monti Decree" of February 2012, the Information Security Planning Document was not updated (DPS). Nonetheless, Exprivia guaranteed compliance with the current regulation in force and the respective instructions, also through implementing an Information Security Management System in conformance with the international standard ISO/IEC 27001, certifying it for the Molfetta facilities.

Inter-company Relations

The organisational structure of the Exprivia Group functionally integrates all staff services of the Group subsidiaries within the consolidation area, thereby optimising the operational structures of each company to ensure effectiveness and efficiency in supporting the business of the Group.

On 1 January 2013 a new top level organisational structure of the Exprivia Group became operational, which made changes to the organisational structure implemented on 1 June 2012.

The Administration, Finance and Control Department aggregates the Group Finance function with the Administration and Control functions, reporting to the Chairman of the Exprivia Group.

The Human Resources Department reports directly to the Chairman of the Exprivia Group, who is the head of the department ad interim.

The Internal Audit, Mergers & Acquisitions, Corporate Affairs and International Business Departments, as well as the CEO/Chief Executive Officer, also report to the Chairman.

The operational structure under the CEO/Chief Executive Officer is based on a “Matrix Model”, and is organised into:

2 Commercial Divisions with market development functions: the Private Markets Division, divided into Industry – Banking and Insurance – Oil, Telecom & Media, and the Public Markets Division, divided into in CPA & RPA - Utilities & Public Services – Healthcare. These Divisions are in charge of developing their specific markets to achieve the revenue/profit targets and, in synergy with the production and delivery divisions, identifying area for improvement/expansion of the offer of products and solutions.

8 Production and Delivery Departments specialised according to technology and type of services, which supplement and oversee all the expertise and skills provided by the companies in the Group. Each Department is fully responsible for the profit & loss of the business achieved transversally across the various markets.

3 Functional Staff Units that operate transversally to support the Divisions and Departments at Group level. These are: Marketing & Communication, Corporate IT System and Quality and 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 skills 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 skills;
- Coordinated participation by Exprivia in public contract tenders with the contribution of all companies according to their specific skills.

The table below shows the details of financial receivables due from subsidiaries of Exprivia.

Description	31/12/2012	31/12/2011	Variation
Farm Srl winding up	20,388	20,388	-
Al Faro Srl winding up		2,100	(2,100)
TOTAL	*20,388*	*22,488*	*(2,100)*

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 the "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 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.

In 2012 no transactions of lesser or greater importance were carried out pursuant to the procedure for transactions with affiliates approved at the end of November 2010, below the maximum limit of Euro 250,000.

On 26 October 2012 Exprivia SpA disbursed to its parent company Abaco Innovazione SpA an interest bearing loan of Euro 200,000.00, settled at an interest rate equal to the 3-month Euribor + 1.5 percentage points, to be repaid by 25 October 2013, secured by a commitment to sell Exprivia shares of equivalent value in the event the loan is not repaid on maturity. The amount of this transaction is immaterial according to the above procedure.

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

The table below shows amounts payable and receivable and costs and revenues, both commercial and financial, between the companies of the Exprivia Group and associated companies al 31 December 2012.

Receivables from Affiliates and Associated Companies

Description	31/12/2012	31/12/2011	Variation
Pervoice S.p.A.		914	(914)
Traxall Srl	125,345		125,345
TOTAL	*125,345*	*914*	*124,431*

Payables to Affiliates and Associated Companies

Description	31/12/2012	31/12/2011	Variation
Pervoice S.p.A.	34,390	9,941	24,449
Traxall Srl	38,115		38,115
TOTAL	*72,505*	*9,941*	*62,564*

Costs with Affiliates and Associated Companies

Description	31/12/2012	31/12/2011	Variation
Pervoice SpA	30,000	19,159	10,841
Traxall Srl	22,050		22,050
TOTAL	*52,050*	*19,159*	*32,891*

Revenues from Affiliates and Associated Companies

Description	31/12/2012	31/12/2011	Variation
Pervoice SpA	1,105	3,071	(1,966)
TOTAL	*1,105*	*3,071*	*(1,966)*

Group Relations with the Parent Company

The tables below show relations between the Exprivia Group and the parent company Abaco Innovazione SpA, at 31 December 2012.

The total amount of Euro 1,049,347, includes Euro 811,901 of interest bearing financial receivables.

Receivables

Description	31/12/2012	31/12/2011	Variation
Exprivia S.p.A.	437,446	229,713	207,733
Exprivia Solutions S.p.A.	611,901	599,250	12,651
TOTAL	*1,049,347*	*828,963*	*220,384*

Revenues and Income

Description	31/12/2012	31/12/2011	Variation
Exprivia S.p.A.	5,000	5,000	-
Exprivia Solutions S.p.A.	13,245	16,970	(3,725)
TOTAL	*18,245*	*21,970*	*(3,725)*

Notice regarding Management

In accordance with Art. 2497 et seq. of the Italian Civil Code, governing transparency in the exercise of company management, 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 the Parent Company".

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

		31/12/2011	31/12/2010
NON CURRENT ASSETS			
Shareholdings		31,689,569	31,791,782
	Holdings in subsidiary companies	31,689,569	31,791,782
TOTAL NON CURRENT ASSETS		*31,689,569*	*31,791,782*
CURRENT ASSETS			
Commercial credits and others		19,645	18,592
	Receivables to subsidiaries	12,763	12,763
	Receivables to subsidiaries		240
	Tax assets	6,882	5,589
Liquid assets		77	199
	Bank assets	62	196
	Cheques and unpresented effects	15	3
TOTAL CURRENT ASSETS		*19,722*	*18,791*
TOTAL ASSETS		***31,709,291***	***31,810,573***

		31/12/2011	31/12/2010
NET WORTH			
Company capital		1,000,000	1,000,000
	Company capital	1,000,000	1,000,000
Own shares		(166,670)	(166,670)
	Own shares	(166,670)	(166,670)
Other reserves		24,444,139	23,877,007
	Legal reserve	200,000	200,000
	Extraordinary reserve	5,592,547	5,025,415
	Riserve 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		711,448	567,131
TOTAL NET WORTH		25,993,503	25,282,054

NON CURRENT LIABILITIES			
Non current liabilities to banks		2,800,000	3,500,000
	Non current liabilities to banks	2,800,000	3,500,000
TOTAL NON CURRENT LIABILITIES		*2,800,000*	*3,500,000*
CURRENT LIABILITIES			
Current liabilities to banks		1,200,476	1,305,943
	Payables to banks current share	1,200,476	1,305,943
Payables to suppliers		200,273	168,758
	Payables to suppliers	200,273	168,758
Other financial liabilities		828,963	917,795
	Payables to subsidiaries	828,963	804,992
	Payables to others		112,803
Tax liabilities		53	0
	Tax liabilities	53	
Other current liabilities		686,023	636,023
	Payables to welfare and social security	33,560	28,610
	Other liabilities	652,463	607,413
TOTAL CURRENT LIABILITIES		*2,915,788*	*3,028,519*
TOTAL LIABILITIES		***31,709,291***	***31,810,573***

		31/12/2011	31/12/2009
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		53,292	53,126
	Other costs for services	36,247	35,175
	Sundry management charges	17,045	17,951
TOTAL PRODUCTION COSTS		***103,242***	***103,076***
DIFFERENCE BETWEEN PRODUCTION REVENUE AND COSTS		**(103,242)**	**(103,076)**
FINANCIAL INCOME AND CHARGES		(814,743)	(670,207)
	Income from holdings in subsidiaries	(1,022,011)	(1,023,759)
	Other financial income with separate indication	(252,885)	(35)
	Interest and other financial charges	443,182	340,095
	Financial charges with subsidiaries	16,971	13,492
PRE-TAX RESULT		711,501	567,131
INCOME TAX		53	0
	IRES	53	
PROFIT OR LOSS FOR THE PERIOD		***711,448***	***567,131***

Exprivia Group Financial Statements

CONSOLIDATED BALANCE SHEET

	31.12.2012	31.12.2011
NON-CURRENT ASSETS		
Property, plant & machinery	**11,720,914**	**10,871,998**
Land and buildings	6,469,466	6,496,858
Work in progress and advances	898,331	231,468
Other assets	4,353,117	4,143,672
Goodwill and other undefined assets	**69,069,817**	**69,211,588**
Goodwill	29,424,407	29,453,849
Consolidation difference	39,645,410	39,757,739
Other intangible assets	**5,077,805**	**4,337,933**
Intangible assets	1,440,500	907,207
Research and development costs	2,956,859	3,154,541
Work in progrss and advances	680,446	276,185
Equity invesments	**1,121,934**	**1,862,205**
Investements in subsidiaries	0	51,646
Investements in associated companies	218,599	189,224
Investemenst in other companies	903,335	1,621,335
Other financial assets	**1,998,324**	**279,716**
Receivables to subsidiaries	20,388	22,488
Other accounts receivable	1,977,936	257,228
Deferred tax assets	**1,336,189**	**1,056,079**
Tax advances/deferred taxes	1,336,189	1,056,079
TOTAL NON-CURRENT ASSETS	**90,324,982**	**87,619,519**

	31.12.2012	31.12.2011
CURRENT ASSETS		
Trade receivables and others	**76,903,437**	**73,882,552**
Trade receivables	62,615,049	58,151,010
Receivables from associates	125,345	914
Receivables to parent companies	1,049,347	828,963
Other receivables	11,610,375	13,388,129
Tax credits	1,503,321	1,513,536
Inventories	**171,054**	**136,934**
Inventories	171,054	136,934
Work in progress contracts	**14,377,957**	**28,784,892**
Work in progress to contracts	14,377,957	28,784,892
Cash at bank and on hand	**5,343,335**	**7,473,881**
Held at bank	5,310,083	7,447,395
Cheques and cash in hand	33,252	26,486
TOTAL CURRENT ASSETS	**96,795,783**	**110,278,259**
TOTAL ASSETS	**187,120,765**	**197,897,778**

	31.12.2012	31.12.2011
Share capital	**26,979,658**	**26,979,658**
Share capital	26,979,658	26,979,658
Treasury shares	**(494,012)**	**(46,508)**
Treasury shares	(494,012)	(46,508)
Share Premiun 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	**12,582,424**	**10,998,820**
Legal reserve	3,182,603	3,021,831
Other reserves	9,399,821	7,976,989
Profits/Losses for previous periods	**6,199,449**	**6,405,325**
Retained earnings/loss	6,199,449	6,405,325
Profit/Loss for the period	**2,424,481**	**3,206,289**
TOTAL SHAREHOLDERS' EQUITY	**68,680,875**	**68,532,460**
Minority interest	**1,500,272**	**1,291,854**
TOTAL GROUP SHAREHOLDERS' EQUITY	**67,180,603**	**67,240,606**

	31.12.2012	31.12.2011
NON-CURRENT LIABILITIES		
Non-current bank debt	**9,551,977**	**13,774,738**
Non-current bank debt	9,551,977	13,774,738
Other financial liabilities	**2,629,146**	**3,215,077**
Trade payables after the financial year	697,665	516,608
Payables to other lenders		478,368
Payables for equity investments	1,740,396	1,957,996
Tax liabilities and amount for social security payable after the financial year	191,085	262,105
Provision for risks and charges	**1,612,698**	**1,521,892**
Other provisions	1,612,698	1,521,892
Employee provisions	**8,699,275**	**8,632,353**
Employee severance indemnities	8,699,275	8,632,353
Deferred tax liabilities	**1,295,785**	**1,314,573**
Provisions for deferred taxes	1,295,785	1,314,573
TOTAL NON-CURRENT LIABILITIES	**23,788,881**	**28,458,633**

	31.12.2012	31.12.2011
CURRENT LIABILITIES		
Current bank debt	**39,824,155**	**38,053,114**
Current bank debt	39,824,155	38,053,114
Trade payables	**18,260,095**	**19,570,296**
Trade payables	18,260,095	19,570,296
Advances on work in progress to order	**3,065,134**	**4,662,209**
Advances	3,065,134	4,662,209
Other financial liabilities	**2,834,132**	**10,634,234**
Payables to associated companies	72,505	9,941
Other payables	2,761,627	10,624,293
Tax liabilities	**11,703,372**	**7,686,919**
Tax liabilities	11,703,372	7,686,919
Other current liabilities	**18,964,121**	**20,299,913**
Amounts payable to pension and social security institutions	4,735,262	4,488,200
Other payables	14,228,859	15,811,713
TOTAL CURRENT LIABILITIES	**94,651,009**	**100,906,685**
TOTAL LIABILITIES	**187,120,765**	**197,897,778**

CONSOLIDATED INCOME STATEMENT

	31.12.2012	31.12.2011
Revenues	**137,421,919**	**106,821,525**
Revenue from sales and services	137,421,919	106,821,525
Other income	**1,632,365**	**2,607,774**
Other revenues and income	508,108	1,575,582
Grants related to income	1,124,257	1,032,192
Changes in inventories of finished goods and work in progress	**(6,566,281)**	**10,792,717**
Changes in inventories work in progress	42,204	(48,474)
Changes in work in progress contracts	(8,477,530)	9,003,687
Increase in capitalised expenses for intenationa projects	1,869,045	1,837,504
TOTAL PRODUCTION REVENUES	**132,488,003**	**120,222,016**
Raw materials and consumables used	**7,429,209**	**6,736,024**
Costs of raw, subsid. & consumable mat. and goods	7,429,209	6,736,024
Costs related to employee benefits	**83,190,649**	**70,249,449**
Salaries	61,335,697	52,435,426
Social security charges	16,718,142	13,973,412
Employee severance indemnities	4,012,832	2,852,463
Other staff costs	1,123,978	988,148
Other costs	**29,458,219**	**29,749,769**
Other costs for services	22,664,387	24,478,703
Costs for leased assets	4,931,809	3,643,538
Sundry operating expenses	1,606,243	1,413,136
Provisinos	255,780	214,392
TOTAL PRODUCTION COSTS	**120,078,077**	**106,735,242**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES	**12,409,926**	**13,486,774**

	31.12.2012	31.12.2011
Ammortisation, deperciation and write-downs	**5,167,836**	**2,987,773**
Ordinary amortisement of intangible assets	2,068,899	1,785,540
Ordinary amortisement of tangible assets	1,272,782	875,276
Other write-downs	897,406	158,294
Doubtful receivables incuded in current assets	928,749	168,663
OPERATIVE PROFIT	**7,242,091**	**10,499,001**
Financial income and charges	**3,018,229**	**2,204,166**
Income from parent companies	(13,245)	(16,970)
Income from other investments	(39)	(669)
Other income other than the above	(71,580)	(320,805)
Interest and other financial charges	3,025,454	2,569,749
Profit anl loss on currency exchange	77,639	(27,139)
PROFIT BEFORE TAXES	**4,223,862**	**8,294,835**
Income taxes	**1,799,381**	**5,088,546**
IRES	1,746,354	2,336,943
IRAP	2,605,956	2,615,437
Taxes of previous years	(2,533,326)	(387,108)
Deferred taxes	(33,812)	49,646
Prepaid taxes	14,209	473,628
PROFIT OR LOSS FOR THE PERIOD	**2,424,481**	**3,206,289**
Attributable to:		
Shareholders of holding company	2,151,958	3,393,473
Minority interest	272,523	(187,184)

STATEMENT OF COMPREHENSIVE INCOME (*) FOR FINANCIAL YEARS AT 31 DECEMBER 2012 AND 31 DECEMBER 2011 (*)

Description	31/12/2012	31/12/2011
Profit for the period	2,424,481	3,206,289
Net income (loss) deriving from changes in costs for the exercise of stock option		
Profit (loss) deriving from sales of treasury shares	(45,788)	
Net income / (expense) for the period recognized in equity	*(45,788)*	-
Total comprehensive income	**2,378,693**	**3,206,289**
attributable to:		
Group	2,106,170	3,393,473
Minority interest	272,523	(187,184)

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

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

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

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Operations	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Minority Interests	Minority Interests	Total Net Worth	Total Group Net Worth
Balance at 31/12/2010	***26,979,658***	***0***	***18,081,738***	***2,907,138***	***7,478,094***	***6,243,417***	***4,929,299***	***829,160***	***4,590,447***	***66,619,344***	***65,790,184***
Reclassification of profit for the previous year to profits						4,929,299	(4,929,299)			-	
Allocation of profit					5,308,350	(5,308,350)				-	
Dividend distribution					(2,075,358)					(2,075,358)	
Stock Option					297,742					297,742	
Net income / (expense) recognized under equity					-				-	-	
Purchase of treasury shares		(46,508)			(10,007)					(56,515)	
Changes in consolidated area						540,959				540,959	
Profit (loss) of the period							3,206,289	462,694	3,206,289	3,206,289	
Net income / (expense)recognized under equity					-					-	
Balance at 31/12/2011	***26,979,658***	***(46,508)***	***18,081,738***	***2,907,138***	***10,998,820***	***6,405,325***	***3,206,289***	***1,291,854***	***3,206,289***	***68,532,460***	***67,240,606***
Reclassification of profit for the previous year to profits					1,607,041	1,599,248	(3,206,289)			-	
Distribution of dividend						(1,603,295)				(1,603,295)	
Purchase of treasury shares		(530,471)			(54,766)					(585,237)	
Sale of treasury shares		82,967			77,116					160,083	
Changes in consolidated area						(201,829)				- 201,829.00	
Profit (loss) of the period							2,424,481	208,418	2,424,481	2,424,481	
Net income / (expense) recognized under equity					(45,788)				(45,788)	(45,788)	
Balance at 31/12/2012	***26,979,658***	***(494,012)***	***18,081,738***	***2,907,138***	***12,582,423***	***6,199,449***	***2,424,481***	***1,500,272***	***2,378,693***	***68,680,875***	***67,180,603***

CONSOLIDATED CASH FLOW STATEMENT

	31.12.2012	31.12.2011
Operating activities:		
- Profit (loss)	2,424,481	3,206,289
- Amortisation, depletion and depreciation of assets	3,341,681	2,660,816
- Provision for Severance Pay Fund	4,012,832	2,852,463
- Advances/Payments Severance Pay	(3,945,910)	(1,963,853)
Cash flow arising from operating activities	**5,833,084**	**6,755,715**
Increase/Decrease in net working capital:		
- Variation in stock and payments on account	12,775,740	(8,998,723)
- Variation in receivables to customers	(4,464,039)	(6,146,908)
- Variation in receivables to parent/subsidiary/associated company	(344,815)	(3,990)
- Variation in other accounts receivable	1,787,969	(3,201,938)
- Variation in payables to suppliers	(1,310,201)	8,054,582
- Variation in payables to parent/subsidiary/associated company	62,564	(8,138)
- Variation in tax and social security liabilities	4,263,515	196,078
- Variation in other accounts payable	(9,445,520)	8,360,051
Cash flow arising (used) from current assets and liabilities	**3,325,213**	**(1,748,986)**
Cash flow arising (used) from current activities	**9,158,297**	**5,006,729**
Investment activities:		
- Variation in tangible assets	(2,121,698)	(1,143,825)
- Variation in intangible assets	(2,667,000)	(6,487,364)
- Variation in financial assets	(1,258,447)	1,343
Cash flow arising (used) from investment activities	**(6,047,144)**	**(7,629,846)**
Financial activities:		
- Changes in financial assets not held as fixed assets	(513,913)	(680,061)
- Variation in other reserves	(2,276,065)	(1,293,174)
Cash flow arising (used) from financial activities	**(2,789,979)**	**(1,973,235)**
Increase (decrease) in cash	**321,174**	**(4,596,352)**
Banks and cash profits at start of year	7,473,881	7,276,753
Banks and cash losses at start of year	(51,827,852)	(47,034,372)
Banks and cash profits at end of period	5,343,335	7,473,881
Banks and cash losses at end of period	(49,376,132)	(51,827,852)
Increase (decrease) in liquidity	**321,174**	**(4,596,352)**

Explanatory Notes to Exprivia Group Financial Statements

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 2012, 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 the scope of consolidation were prepared in compliance with IAS/IFRS standards.

In compliance with IFRS 1, we hereby declare that when preparing the consolidated financial statements for the Exprivia Group, the financial statements for the Parent Company Exprivia S.p.A., and the 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 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 Shareholders' equity: statement listing changes
- For the Cash Flow Statement: indirect method

GENERAL INFORMATION

In order to provide readers with greater clarity and adequate comparison of the information included in the Consolidated Financial Statements as at 31 December 2012, several changes were made to the balance sheet and several reclassifications were made to the information presented for comparison in the financial statements and the explanatory notes.

Accounting standards, amendments and interpretations applicable by the Group

IAS 1 Revised – Presentation of Financial Statements

In compliance with 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 (called the 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 Shareholders' equity as well.

The Group has indicated 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 at Equity for 2011 and 2012”.

Amendment to IFRS 2 – Vesting conditions and Cancellations

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. 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 the application of this amendment for the consolidated financial statements for 2012, as the stock option plan ended as at 31 December 2011.

IFRS 3 (2008) – Business Combinations

Step Acquisition

In the case of a step acquisition of a subsidiary, IFRS 3 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 measured based on their fair value or on the proportional share of the fair value of identifiable net assets of the acquired company. In a step acquisition for control of an acquiree in which an equity interest was held, the investment previously held, up to that point 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 measurement is recognised in the income statement. Additionally, any amounts recognised under 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) and the fair value of the previously held equity interest, net of the fair value of the identifiable assets acquired.

Acquisition Related Costs

IFRS 3 provides that acquisition-related costs should be accounted for in the income statement as expenses in the periods in which the costs are incurred. In 2012 the Group did not perform any business combination transactions.

Recognising contingent payments

IFRS 3 provides that contingent payments 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.

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 be treated as a government grant and so should be recognised and measured in accordance with IAS 20. 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.

IAS 27 (2008) – Consolidated and Separate Financial Statements

IAS 27 provides that once control of a company has been obtained, transactions in which the parent company acquires or disposes of additional minority interests without this resulting in a loss of control over the subsidiary are accounted for as equity transactions, and so transactions with owners. In such cases the book value 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 under equity and attributed to the owners of the parent company. 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

IAS 28 – *Investments in Associates* provides that in the case of investments accounted for using the equity method any impairment should not be allocated to individual assets (particularly any goodwill) that make up the book 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

IFRS 8 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 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 these financial statements, but they may affect future transactions or agreements:

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.
- IAS 28 – Investments in Associates
- IAS 31 – Interests in Joint Ventures, resulting from changes made to IAS 27.
- IFRS-2 - Share-Based Payments: Group Cash-settled Share-Based Payments.
- IFRIC 17 – Distributions of Non-cash Assets to Owners.
- IFRIC 18 – Transfers of Assets from Customers.
- IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items.
- IAS 32 – Financial Instruments: Presentation: classification of rights issues to regulate accounting for the issue of rights (rights, options or warrants) in currencies other than the functional currency of the issuer.
- 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 Holding Company Exprivia S.p.A. with those of the subsidiaries and associated companies, except for the investments held for sale.

Subsidiaries are companies controlled by the Holding 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 Holding 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 associated companies 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 removed from the consolidation area 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 an investment 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 investment. The book value of consolidated investments is therefore eliminated against the equity. The transactions, balances and profit and loss not realised on inter-company transactions are eliminated. The amounts of equity and the accrued results of minority interests are shown in a specific entry under equity and on a separate line of the consolidated Income Statement.

After the acquisition, investments in associated companies are recognised using the equity method while showing the Group's share of the result in the income statement and movements of reserves under equity. Profit and loss not realised on inter-company 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 consolidation area are converted using the exchange rate at the reference date of the financial statements. Income and expenses are converted at the average exchange rate for the period. The exchange differences arising from the application of this method are classified under 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 2012 were as follows:

Exchange rate	EUR to GTQ	EUR to MXN	EUR to PEN	EUR to REAL
31/12/2012	10.4436	17.0889	3.492	2.6954
2012 Average	10.0660	16.9094	3.58087	2.5097

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 income/(loss) previously recognised under equity is 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 income (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 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 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 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 2011, with the exception of adjustments made to comply with amendments/updates to international accounting standards. For 2012, no adjustments were made to the IAS/IFRS adopted voluntarily, as envisaged by EU Regulations 475, 1205, 1254, 1255 and 1256 of 2012.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recognised at the cost of acquisition or production. The cost of acquisition 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.

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.

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 life and residual value are reviewed at the end of each accounting period and, if necessary, redefined 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 asset 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 amortisation criteria used, the useful life and residual value are reviewed at the end of each accounting period and, if necessary, redefined to take into account any significant changes.

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 book value, an impairment test is performed to determine any impairment (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 trade payables, 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.

Advances received for terminated projects, for which a closing report has yet to be issued, have been classified as deductions from receivables. For ongoing projects, advances remain accounted for under liabilities.

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 reporting 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 it occurs. Unrealised profit and loss arising from changes in the fair value of assets classified as available for sale is carried under 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 reporting date. Write-downs in the income statement and under 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 specific 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.

Work in progress contracts

Work in progress contracts lasting more than one year are 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 advances (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 known 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, cash at bank and on hand is 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.

Shareholders' 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 shareholders' equity in other reserves provided these are variable marginal costs directly attributable to the capital transaction and unavoidable otherwise.

Treasury shares

Treasury shares are carried in a special reserve under equity. No profit (loss) is recognised in the income statement for the acquisition, sale, issue or cancellation of treasury shares.

Share premium reserve

The share premium reserve includes the surplus price paid for issue of shares in relation to their nominal value.

Revaluation reserve

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

Other reserves

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

TOTAL PROFIT

Following the application of IAS 1 (revised), paragraphs 81-105, the item 'total profit' shows the comprehensive result of income and expenses recognised under 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 Indemnities (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 reporting 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.

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 shareholders' 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. The plan concluded in 2011 and the reserve was classified under other provisions.

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 maturity 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 reporting date. Provisions set aside are reviewed at every reporting 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 an effective hedge in equity, and charging the ineffective portion to the Income statement. The changes recognised directly under 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. The assets transferred by way of factoring transactions, which comply with the requirements established by IAS 39, are derecognised from the balance sheet.

Revenues 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 principal 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 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 Holding 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.

CONSOLIDATION AREA

The consolidated financial statements as at 31 December 2012 include the equity, economic and financial situations of the Holding Company Exprivia S.p.A. and subsidiaries, and is subject to changes with respect to 31 December 2011, as a result of the consolidation of Consorzio Exprivia.

The table below shows the companies under consolidation:

Company	Area
Consorzio Exprivia	Energy and Telco
Datilog S.r.l.	Industry, Aerospace and Media
Exprivia Projects S.p.A.	Utilities
Exprivia Do Brasil	Spain and the Americans
Exprivia SL	Spain and the Americans
Exprivia Solutions S.p.A.	Industry, Aerospace and Media
GST S.r.l.	Healthcare
Infaber Srl	Industry, Aerospace and Media
ProSap	Spain and the Americans
Realtech S.p.A.	Industry, Aerospace and Media/Public Administration/Utilities/ Banks and Finance/ Energy and Telco/Healthcare
SiSpa Srl	Banks and Finance
Spegea Scarl	Other
Svimservice S.p.A.	Healthcare/ Public Administrations
Wel.Network S.p.A.	Industry, Aerospace and Media/Energy and Telco

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
Consorzio Exprivia S.c.a.r.l	Milano	20,000	(361)	19,639		20,000	100.00%
Datilog Srl	Cinisello Balsamo (MI)	10,400	(194,446)	(184,046)	656,884	301,733	76.00%
Expriva SL	Madrid (Spagna)	8,250	280,178	702,994	2,837,688	1,646,672	60.00%
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	57,960	185,185	546,194	1,121,000	718,758	97.00%
Exprivia Projects S.p.A.	Roma	242,000	521,002	844,578	7,515,301	4,248,158	100.00%
Exprivia Solutions S.p.A.	Roma	170,795	493,853	1,273,415	7,973,595	9,289,844	100.00%
GST S.r.l.	Trento	27,500	87,596	457,188	2,042,449	2,177,469	100.00%
Infaber S.r.l.	Molfetta (BA)	110,000	223,575	730,246	1,515,944	1,112,943	100.00%
Gruppo ProSap	Madrid (Spagna)/Città del Messico/Città del Guatemala	197,904	15,054	330,658	8,461,055	4,544,933	51.12%
Realtech S.p.A.	Agrate Brianza (MB)	1,520,000	242,221	1,853,947	9,973,253	6,310,193	51.00%
SiSpa Srl	Milano	580,000	1,197,890	2,613,421	7,107,950	3,877,571	100.00%
Spegea Sc a rl	Bari	125,000	207,187	442,001	2,000,040	2,037,923	60.00%
Svimservice S.p.A.	Molfetta (BA)	1,548,000	2,568,896	4,761,991	19,522,445	21,455,579	100.00%
Wel.Network S.p.A.	Piacenza	1,500,000	130,004	1,153,572	11,604,443	13,781,339	100.00%

Farm Multimedia S.r.l., in liquidation and 100% owned, is not included among the consolidated companies as it is not pertinent.

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).

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

NON-CURRENT ASSETS

Property, plant and machinery

The item **"property, plant and machinery"** amounts to Euro 11,720,914 compared to Euro 10,871,998 as at 31 December 2011.

Categories	Historical cost 01/01/12	Inc.	Dec.	Historical cost at 31/12/12	Reserve prov. at 01/01/12	Provision for period	Dec.	Cum. prov.	Net value at 31/12/12
Land	247,716	-	-	247,716	-	-	-	-	247,716
Buildings	7,932,268	226,144	-	8,158,412	(1,683,126)	(253,536)	-	(1,936,662)	6,221,750
Others	17,949,793	1,240,684	(1,178,671)	18,011,806	(13,806,121)	(1,019,246)	1,166,682	(13,658,685)	4,353,117
Fixed assets in progress	231,469	666,862	-	898,331	-	-	-	-	898,331
TOTAL	*26,361,246*	*2,133,690*	*(1,178,671)*	*27,316,265*	*(15,489,247)*	*(1,272,782)*	*1,166,682*	*(15,595,347)*	*11,720,914*

The increase in the item **"buildings"**, amounting to Euro 226,144, pertains to ProSap Mexico's purchase of an apartment following a transaction with a customer that is a real estate company (Euro 89,305) and the contribution by the Holding company (Euro 136,839) for costs incurred for the new leased building for the Milan headquarters. The increase in the item **"others"**, amounting to 1,240,684, is mainly due to purchases made for electronic office equipment (Euro 544,958), furniture and furnishings (Euro 43,533) and leased assets (Euro 583,882), while the decreases are mainly due to the disposal of obsolete, fully depreciated assets for scrapping.

It should be mentioned that the net book value of leased assets amounted to 1,399,968 and mainly pertains to electronic office equipment for Euro 765,530 and furniture and furnishings for Euro 506,202. It should also be noted that minimum future payments within one year amount to Euro 330,000, while those due in one to five years amount to Euro 697,665.

The increase in "work in progress", amounting to Euro 666,862, relates to costs incurred for the new building under construction, located in Molfetta (as described in the section of the Report "Real Estate Investments".

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

The item **"goodwill and other assets with an indefinite useful life"** amounted to Euro 69,069,817 as at 31 December 2012 compared to Euro 69,211,588 as at 31 December 2011.

The table below provides details on the items:

Categories	Historical cost 01/01/12	Total historical cost at 31/12/12	Write-down pregress	Write-down	Accum. deprec.	Net value at 31/12/12
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	1,406,955	1,406,955	-	-	-	1,406,955
GOODWILL	18,631,899	18,631,899	(286,015)	(29,442)	(315,457)	18,316,441
DIFFERENCE FROM CONSOLIDATION	40,333,250	40,333,250	(575,512)	(112,330)	(687,842)	39,645,410
TOTAL	*70,073,115*	*70,073,115*	*(861,527)*	*(141,772)*	*(1,003,299)*	*69,069,817*

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

Company	Date of acquis.	Controlling share	Difference from consolidation generated
Datilog S.r.l.	30/11/09	76%	89,600
Exprivia Customer Services Srl	11/06/04	100%	-
Exprivia Do Brasil	31/10/11	97%	338,668
Exprivia Projects S.p.A.	11/06/04	100%	1,334,500
Exprivia SL	19/05/08	60%	-
Exprivia Solutions S.p.A.	14/04/05	100%	512,662
GST S.r.l.	14/04/05	100%	304,577
Infaber Srl	14/04/05	100%	-
ProSap	30/09/10	51.12%	2,217,105
Network Services Srl	31/10/08	100%	575,760
Realtech Spa	01/04/11	51%	740,380
Reco Sistemi Srl	29/12/05	63.2%	-
SiSpa Srl	30/06/11	100%	3,251,885
Svimservice S.p.A.	30/11/07	100%	22,309,288
Wel.Network S.p.A.	30/11/07	100%	7,970,984
TOTAL			*39,645,410*

It should be mentioned that the **Consolidation Difference** was generated as the result of line-by-line consolidation of subsidiaries, included under the consolidation area, by eliminating the value of the interests against their Shareholders' equity at the date of acquisition.

The table below shows the item “Consolidation Difference” with the changes arising as at 31 December 2012 compared to 31 December 2011.

Company	31/12/2012	31/12/2011	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	575,760	688,090	(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	*39,645,410*	*39,757,739*	*(112,330)*

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 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.
- Following the change in the composition of the Public Administration, Transport and Utilities CGU and Healthcare and Public Local Bodies, which the operations relating to the market sectors of Central and Regional Public Administration were respectively removed from and transferred to the new PAC and PAR CPUs, the goodwill previously allocated to the changed CGUs was reallocated in line with the allocation criteria described above

The table below summarises allocation of goodwill to CGUs identified:

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE	Value at 31/12/2012	CGU BFA	CGU IM	CGU UT	CGU PAC e PAL	CGU OGT	CGU HC	CGU Prosap	CGU Realtech	CGU Sispa	CGU Exprivia do Brasil
AVVIAMENTO COSTI FUSIONE ABACO	€ 461,168	€ 135,062	€ 137,880	€ 177,137	€ 11,088						
AVVIAMENTO RAMO AZ AIS PS	€ 1,767,655	€ 517,692	€ 528,494	€ 678,967	€ 42,502						
AVVIAMENTO RAMO KSTONES	€ 517,714	€ 151,623	€ 154,786	€ 198,857	€ 12,448						
DIFFEENZA FUSIONE ETA BETA	€ 3,040,710	€ 3,040,710		€ -	€ -						
DIFFERENZA FUSIONE AIS MEDICAL	€ 3,913,764			€ -	€ -		€ 3,913,764				
AVVIAMENTO Abaco Inf. Services)	€ 14,745,017	€ 4,318,363	€ 4,408,473	€ 5,663,648	€ 354,533						
AVVIAMENTO (welnetwork)	€ 3,571,424			€ -	€ -	€ 3,571,424					
AVVIAMENTO (Aurora)	€ 1,406,955			€ -	€ -		€ 1,406,955				
Diff. Consolidamento Exprivia Solutions S.p.A.	€ 1,088,422	€ 318,765	€ 325,417	€ 418,069	€ 26,170						
Diff. Consolidamento GST S.r.l.	€ 304,577				€ -		€ 304,577				
Diff. Consolidamento Exprivia Projects S.p.A.	€ 1,334,500	€ 390,834	€ 398,989	€ 512,589	€ 32,087						
Diff. Consolidamento Svimservice S.p.A.	€ 22,309,288				€ 3,569,486		€ 18,739,802				
Diff. Consolidamento Wel.Network S.p.A.	€ 7,970,984				€ -	€ 7,970,984					
Diff. Consolidamento Datilog Srl	€ 89,600		€ 89,600		€ -						
Diff. Consolidamento Prosap Group	€ 2,217,105				€ -			€ 2,217,105			
Diff. Consolidamento Realtech	€ 740,380				€ -				€ 740,380		
Diff. Consolidamento SISPA	€ 3,251,885				€ -					€ 3,251,885	
Diff. Consolidamento Exprivia do Brasil	€ 338,668				€ -						€ 338,668
	€ 69,069,816	€ 8,873,050	€ 6,043,640	€ 7,649,268	€ 4,048,315	€ 11,542,408	€ 24,365,098	€ 2,217,105	€ 740,380	€ 3,251,885	€ 338,668

Impairment testing process and assessment system

The recoverability of the amount of goodwill carried in the financial statements is checked by comparing the 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 are part of a five-year plan that forecasts 2013 growth levels to be in line with the 2011-2013 Industrial Plan (approved by the Holding Company’s Board of Directors) and, prudently, limited levels of growth in business volumes 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 flows	
EXTENSION OF THE FORECASTING PERIOD	5 years
GROWTH RATE OF LON-TERM	1.0%
DETERMINING THE VALUE OF TERMINAL	Present value of the perpetual cash flow generated from the last forecast year discounted 20%
DISCOUNT RATE	
RISK FREE RATE (Average yield 2012 on ten-year BTP) (source Bloomberg)	5.2%
MARKET RISK PREMIUM (sourse Damodaran)	5.8%
BETA (Beta levered specific source Bloomberg)	0.851
WACC PRE TAX	10.80%

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 revenues.

Conclusions

The impairment tests performed did not show any impairment that must be reported in the financial statements, in relation to the expectations deriving from the performance of the reference markets, business and organisational plans of the CGUs.

OTHER INTANGIBLE ASSETS

The item **Other intangible assets** amounted to Euro 5,077,805 as at 31 December 2012 (net of amortisation) compared to Euro 4,337,933 as at 31 December 2011.

The table below provides a summary of the item.

Categories	Historic cost 01/01/12	Increases at 31/12/12	Dec. al 31/12/12	Rettifiche IAS	Total historic cost at 31/12/12	Deprec. fund at 01/01/12	Deprec. quota for period	Decrementi	Cumulated deprec. 31/12/12	Net value at 31/12/12
Development of advertising	29,098,519	1,465,279	-	-	30,563,798	(25,943,979)	(1,662,960)	-	(27,606,939)	2,956,860
Patents and Intellectual Property Rights	2,880,874	29,034	(63,938)	-	2,845,970	(2,667,246)	(91,650)	-	(2,758,896)	87,071
Permits, brands	433,908	2,471	-	-	436,379	(205,781)	(21,879)	-	(227,660)	208,718
Assets under constr. & payment on a/c	276,185.00	404,261	-	-	680,446	-	-	-	-	680,446
Sundries	2,959,901	947,287	(260)	-	3,906,928	(2,479,325)	(267,773)	(15,120)	(2,762,218)	1,144,709
TOTAL	*35,649,387*	*2,848,332*	*(64,198)*	*-*	*38,433,520*	*(31,296,331)*	*(2,044,263)*	*(15,120)*	*(33,355,713)*	*5,077,805*

The increase of Euro 2,848,332 in the period mainly pertains to Euro 1,465,279 in investments in **development** of software applications for the banking, medical and manufacturing segments, Euro 404,261 in investments in **development** of projects not yet amortised and Euro 801,736 for purchases of software licenses for the execution of a contract in progress.

INVESTMENTS

The item **"investments"** as at 31 December 2012 amounted to Euro 1,121,934 compared to Euro 1,862,205 as at 31 December 2011.

The composition of equity investments is described below.

Investments in subsidiaries

As at 31 December 2012 the balance of this item was zero, as a result of the write-down of the investment in Al Faro Srl (in liquidation), which is no longer included under the consolidation area 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.

Investments in associated companies

As at 31 December 2012 the item **"investments in associated companies"** amounted to Euro 218,599 compared to Euro 189,224 at 31 December 2011. The change of Euro 29,375 is attributable to the valuation of the investment in Traxall Srl at equity.

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	31/12/2012	31/12/2011	Variazioni
Traxall Srl	43,411	14,036	29,375
Pervoice S.p.A.	139,160	139,160	-
S2B Soc. Consortile	36,028	36,028	-
TOTAL	***218,599***	***189,224***	***29,375***

Investments in other companies

The item **"investments in other companies"** as at 31 December 2012 amounted to Euro 903,335, compared to Euro 1,621,335 as at 31 December 2011.

The table below provides details on the items:

Description	31/12/2012	31/12/2011	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	740,816	1,420,816	(680,000)
Consorzio Biogene	3,000	3,000	-
Consorzio DARe	1,000	1,000	-
Consorzio DHITECH	17,000	17,000	-
H.BIO Puglia	12,000		12,000
Consorzio DITNE	12,384	12,384	-
SELP	50,000	100,000	(50,000)
Consorzio Daisy-Net Partecipation	13,939	13,939	-
Cattolica Popolare Soc. Cooperativa	23,491	23,491	-
Banca di Credito Cooperativo	2,461	2,461	-
ENFAPI CONFIND Partecipation	1,033	1,033	-
Consorzio Heath Innovation HUB	3,000	3,000	-
Consorzio Semantic Valley	1,500	1,500	-
TOTAL	*903,335*	*1,621,335*	*(718,000)*

The change is mainly attributable to the write-down of Advanced Computer Systems (ACS), in consideration of the lasting nature attributed to the mismatch of the book value of the investment to the corresponding portion of shareholders' equity (as per an updated accounting statement).

OTHER FINANCIAL ASSETS

Receivables from subsidiaries

As at 31 December 2012, **"Receivables from subsidiaries",** amounted to Euro 20,388 compared to Euro 22,488 as at 31 December 2011 and pertains to receivables, fully covered by provisions, due from the subsidiary Farm Multimedia S.r.l. in liquidation.

Other receivables

As at 31 December 2012, **"Other receivables",** amounted to Euro 1,977,936, compared to Euro 257,228 as at 31 December 2011. The change is shown in the table below.

Description	31/12/2012	31/12/2011	Variation
Long term deposit	253,185	199,318	53,867
Financial recivables	33,517	33,517	-
Tax credits	1,691,234	24,393	1,666,841
TOTAL	*1,977,936*	*257,228*	*1,720,708*

The change is mainly attributable to **"tax receivables"**, which increased as a result of the deductibility of the IRAP tax calculated on staff costs, which generated a recovery of IRES tax. Article 4 of Decree Law no. 16/2012 extended the above deduction to tax periods prior to the period under way as at 31 December 2012, for the years 2007 to 2011. The receivables for 2008 to 2011 were recorded under non-current assets, while the receivables for 2007 were included in the item **"current receivables from tax authorities".**

DEFERRED TAX ASSETS

The balance of item **"deferred tax assets"** amounts to 1,336,189 compared to Euro 1,056,079 as at 31 December 2011, and mainly 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 balance of item **"trade receivables"** amounts to Euro 62,615,049 (net of the bad debts provision) compared to Euro 58,151,010 as at 31 December 2011.

The following table provides details on the item as well as a comparison with 31 December 2011.

Description	31/12/2012	31/12/2011	Variation
To Italian customers	48,762,202	43,393,931	5,368,270
To foreign customers	5,360,541	4,735,794	624,747
To public bodies	12,162,711	14,284,679	(2,121,968)
S-total receivables to customers	*66,285,454*	*62,414,405*	*3,871,050*
Less: provision for bad debts	(3,670,406)	(4,263,394)	592,989
Total receivables to customers	*62,615,049*	*58,151,010*	*4,464,038*

Trade receivables were made up as specified below.

Details	31/12/2012	31/12/2011	Variation
To third parties	55,933,944	55,809,239	124,704
Invoices for issue to third parties	10,351,511	6,605,165	3,746,346
TOTAL	*66,285,454*	*62,414,405*	*3,871,050*

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.

Receivables from associated companies

The balance of item **"receivables from associates"** amounts to Euro 125,345 compared to Euro 914 as at 31 December 2011 and refers to amounts owed by the Holding company to the associated company Traxall Srl.

Receivables from parent companies

The balance of item **"receivables from parent companies"** amounts to Euro 1,049,347 compared to Euro 828,963 as at 31 December 2011 and refers to amounts owed to the Holding company (Euro 437,446) and to the subsidiary Exprivia Solutions S.p.A. (Euro 611,901) by the Parent Company Abaco Innovazione S.p.A. The increase is mainly related to an interest-bearing loan of Euro 200,000 granted by the holding company at normal market conditions.

Other receivables

The balance of item **"other receivables"** amounts to 11,610,375 compared to Euro 13,388,129 as at 31 December 2011.

The table below shows movements that occurred.

Description	31/12/2012	31/12/2011	Variation
Receivables for contrib.	9,229,255	10,479,859	(1,250,604)
Advances on contributions for completed projects	(2,704,662)		(2,704,662)
Receivables to s/holders for holdings/spin-offs	19,109	184,812	(165,703)
Advances to suppliers for services	160,573	154,984	5,589
Sundry credits	224,537	75,394	149,143
Receivables to factoring	1,826,002	313,570	1,512,432
Receivables to welfare institutes/INAIL	18,466	22,279	(3,813)
Receivables to employees	118,300	168,456	(50,156)
Receivables INPS for CIG	2,084	2,084	-
Guaranteed securities	91,869	98,028	(6,159)
Costs in future years expertise	2,624,842	1,888,663	736,178
TOTAL	*11,610,375*	*13,388,129*	*(1,777,755)*

The amounts receivable in relation to **"government grants"** 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 Bodies.

For concluded research projects awaiting final testing or final decrees, the advances received, amounting to Euro 2,704,662, were reclassified as a decrease in receivables.

The item **"expenses pertaining to future financial years"** of Euro 2,624,842 mainly refers to maintenance costs for future reporting periods.

Tax receivables

As at 31 December 2012, **"tax receivables"** amounted to Euro 1,503,321 compared to Euro 1,513,536 as at 31 December 2011, and broke down as shown in the table below.

Description	31/12/2012	31/12/2011	Variation
Receivables to tax a/c - IRES	68,218	372,971	(304,753)
Receivables to tax a/c - IRAP	27,471	63,918	(36,447)
Tax authority w/holding taxes on interest income	103	3,578	(3,475)
Tax authority deductions on foreign payments	38,125	34,367	3,758
Credits to tax authority for VAT	424,286	276,661	147,625
Credits on substitute severance fund tax	6,744	18,876	(12,132)
Credits with tax authority	902,511	674,211	228,300
Advanced Tax Credits	18,193	15,944	2,249
Art. 8 tax credits	17,670	53,010	(35,340)
TOTAL	*1,503,321*	*1,513,536*	*(10,215)*

The item **"receivables from tax authorities"** includes the portion pertaining to the application for the IRAP refund referring to 2007, as described under **"tax receivables for non-current assets.** Furthermore, this item contains Euro 190,590 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.

INVENTORIES

"Inventories" amounted to Euro 171,054 compared to Euro 136,934 as at 31 December 2011 and refer to software and hardware purchased by group companies for resale presumably within the next financial year.

WORK IN PROGRESS CONTRACTS

"Work in progress contracts" amount to Euro 14,377,957 compared to Euro 28,784,892 as at 31 December 2011 and refer to the percentage of completion of contracts in progress pertaining to the reporting period. The change was mainly attributable to the conclusion of contracts which were invoiced during the year.

CURRENT FINANCIAL ASSETS

CASH AT BANK AND ON HAND

The item **"cash at bank and on hand"** amounts to Euro 5,343,335 compared to Euro 7,473,881 as at 31 December 2011 and refers to Euro 5,310,083 held at banks and Euro 33,252 in cheques and cash in hand.

SHAREHOLDERS' EQUITY

SHARE CAPITAL

"Share capital", fully paid up, amounted to Euro 26,979,658 and is represented by 51,883,958 ordinary shares at Euro 0.52 nominal value each. This is the same as at 31 December 2011.

TREASURY SHARES

As at 31 December 2012, **"treasury shares"**, amounted to Euro -494,012 compared to -46,508 as at 31 December 2011 and refer to the purchase/sale of treasury shares under the plan approved by the shareholders' meeting of 19 April 2012. The number of treasury shares amounts to 950,024.

SHARE PREMIUM RESERVE

As at 31 December 2012 the **"share premium reserve"** amounted to Euro 18,081,738 and is the same as at 31 December 2011.

REVALUATION RESERVE

As at 31 December 2012 the **"revaluation reserve"** amounted to Euro 2,907,138 and is the same as at 31 December 2011.

Other reserves

The balance of item **"other reserves"** amounts to Euro 12,582,424 compared to Euro 10,998,820 as at 31 December 2011 and pertains to:

- Euro 3,182,603 for the **"legal reserve"**, which rose by Euro 160,772 compared to 31 December 2011 after allocation of profit from the previous year, as resolved by the shareholders' meeting of 19 April 2012;
- Euro 1,636,092 for the **"extraordinary reserve"** compared to Euro 189,823 as at 31 December 2011. The change pertains to allocation of the 2011 profit, as resolved by the Exprivia S.p.A. shareholders' meeting of 19 April 2012.
- 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 82,846 to **"other reserves"** compared to Euro 106,283 as at 31 December 2011. The decrease of Euro 23,437 pertains to the share premium value resulting from transactions to purchase/sell treasury shares.
- Euro -236,486 **"IAS/IFRS tax effect reserve"** represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2011;
- Euro 12,593 **"available IAS/IFRS tax effect reserve"** represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2011.

Profit from previous periods

At 31 December 2012 **profit from previous periods** amounted to Euro 6,199,449 compared to Euro 6,405,325 as at 31 December 2011.

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

DESCRIPTION	Result to 31/12/2011	Sundries	Net Worth at 31/12/2011	Result for period to 31/12/2012	Sundries	Net Worth at 31/12/2012
Exprivia S.p.A.	*3,215,443*	*(1,834,131)*	*62,136,290*	*2,604,023*	*(2,079,345)*	*62,660,968*
Contribution of subsidiaries	4,955,368		19,899,918	5,757,633		25,657,551
Depreciation and cover for losses of subsidiaries			3,322,000			3,322,000
Elimination capital gain divestment of Exprivia Projects branch/Elimination Svimservice dividends	(4,111,020)		(13,844,155)	(4,000,235)		(17,844,390)
Elimination intercompany licence purchases/Elimination WelNetwork dividends	(853,502)		(2,919,842)	(1,936,940)		(4,856,782)
Elimination capital gain divestment AIS Professional branch			(1,767,655)			(1,767,655)
Variation in consolidation of companies		540,958	1,705,904		(196,721)	1,509,183
Contribution of third parties to net worth		(462,694)	(1,291,854)		(208,418)	(1,500,272)
TOTAL GROUP NET WORTH	*3,206,289*	*(1,755,867)*	*67,240,606*	*2,424,481*	*(2,484,484)*	*67,180,603*

NON-CURRENT LIABILITIES

NON-CURRENT BANK DEBT

At 31 December 2012 the item **"non-current bank debt"** amounted to Euro 9,551,977 compared to Euro 13,774,738 at 31 December 2011, and pertains to medium-term bank debt from major credit and financial institutions and to low-interest loans for specific investments programmes.

As a result of not meeting several financial parameters as at 31 December 2012, the company deemed it necessary, in accordance with IAS 1, paragraph 74, to reclassify the non-current part of medium-term borrowing (Euro 5,357,137) provided by the pool of banks with lead company BNL into **"current bank debt"**.

The table below provides details on the item and breaks down the non-current portion (Euro 9,551,977) and the current portion (Euro 16,444,116).

Financial institute	Type	Contractual amount	Amount distrib. at 31.12.12	Date of contract	Expiry date	Repay-ment date	Rate applied	Residual capital at 31.12.12	To be repaid in 12 mths	To be repaid beyond 12 mths
Banca Nazionale del Lavoro	Financing	18,000,000	18,000,000	30/11/07	30/11/15	semi-annual	Euribor 6 mesi + 1,7%	7,714,281	7,714,281	
Banca Nazionale del Lavoro	Mutual	2,400,000	2,400,000	15/10/04	30/09/14	semi-annual	Euribor 6 mesi + 1,2%	564,706	282,353	282,353
Banca Nazionale del Lavoro	Financing	950,000	950,000	24/06/11	30/06/14	semi-annual	Euribor 3 mesi + 1,5%	554,166	395,833	158,333
Deteuche Bank	Financing	1,500,000	1,500,000	23/06/08	23/06/13	quarterly	Euribor 3 mesi + 0,9%	281,250	281,250	-
Ministero dell'Università e della Ricerca	Financing	1,430,905	1,243,453	12/04/07	01/07/15	semi-annual	0.50%	483,000	192,456	290,544
Ministero dell'Università e della Ricerca	Financing	2,151,000	1,787,006	27/12/09	27/02/19	annual	0.87%	1,267,062	176,339	1,090,723
Antonveneta	Financing	5,000,000	5,000,000	04/05/10	10/05/17	montly	Euribor 3 mesi + 2,5%	3,589,706	767,069	2,822,637
Banco Napoli	Financing	2,000,000	2,000,000	20/05/11	20/05/16	montly	Euribor 1 mese + 3,70%	1,414,342	386,275	1,028,067
Credito Emiliano	Financing	1,000,000	1,000,000	04/04/11	04/04/14	montly	Euribor 3 mesi + 1,7%	454,432	338,903	115,529
Emilia Romagna Factor	Financing	3,500,000	3,500,000	22/07/11	31/12/14	montly	Euribor 3 mesi + 2,75%	2,236,112	1,069,445	1,166,667
IBM Italia Servizi Finanziari	Financing	306,856	306,856	01/05/12	01/02/17	quarterly	9.66%	263,245	52,995	210,250
IBM Italia Servizi Finanziari	Financing	187,429	187,429	01/05/12	01/02/14	quarterly	8.37%	118,209	93,639	24,570
Banca Popolare di Milano	Financing	2,000,000	2,000,000	16/12/12	30/06/13	montly	Euribor 3 mesi + 4%	2,000,000	2,000,000	
ICCREA Banca Impresa	Financing	2,000,000	2,000,000	17/012/12	16/06/14	montly	Euribor 3 mesi + 3,80%	2,000,000	1,319,640	680,360
Ministero dell'Università e della Ricerca	Financing	934,900	380,624	10/01/08	01/07/15	semi-annual	0.50%	174,307	69,462	104,845
Cassa Rurale di Aldeno e Cadine	Financing	300,000	300,000	25/09/07	25/09/13	montly	Euribor 1 mese + 0,9%	49,120	49,120	-
Centrobanca	Financing	2,025,228	1,822,705	28/12/04	05/08/16	annual	0.96%	750,042	184,832	565,210
Cassa Depositi e Prestiti	Financing	1,244,100	1,119,600	27/07/09	30/06/14	semi-annual	0.50%	338,848	225,616	113,232
Banca Popolare di Bari	Financing	138,234	124,413	27/07/09	30/06/14	semi-annual	Euribor 6M + 3,00%	75,309	50,121	25,188
Banca Popolare di Bari	Financing	3,000,000	3,000,000	04/12/09	31/12/14	semi-annual	Euribor 6 mesi + 2,5%	1,558,621	765,792	792,829
Banco Polular	Financing	100,000	100,000	10/05/12	10/05/19	semi-annual	5.54%	93,041	12,401	80,640
Caja Madrid	Financing	75,000	75,000	30/04/10	25/05/13	montly	5.367%	16,294	16,294	
TOTAL								*25,996,093*	*16,444,116*	*9,551,977*

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 and 00/100) 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 and 00/100) to fund payment of the Svimservice share premium and to be repaid by 30 November 2015;
2. A credit line called "Line B" for up to a total of Euro 15,000,000.00 (fifteen million and 00/100) to refinance a portion of the Bridge Loan and to be repaid 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 thousand and 00/100) to fund working capital and the company's general cash needs. It was repaid in full as at 31 December 2010.

The medium-term loan was facilitated by the following collateral 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:

Reference Date	**Net Borrowing/EBITDA** *not more than*	**Net Borrowing/Net equity** *not more than*	**Free Cash Flow/Debt Servicing** *not less than*	**Overall Investments** *not more than*
31.12.2012	2.2	0.5	0.9	3,800
30.06.2013	2.2	0.5	0.9	4,200
31.12.2013	2.0	0.5	1.0	4,200
30.06.2014	2.0	0.5	1.0	4,200
31.12.2014	1.8	0.5	1.0	4,200
30.06.2015	1.8	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 and economic 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 with lead company BNL amended the financial parameters of the medium-term loan, in line with the new 2010–2013 Industrial Plan presented by the Company.

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 as a result of 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. Maintenance of 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 in order to guarantee its own and/or third-party obligations, 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 where the act of disposal (i) concerns one or more obsolete assets or treasury shares; or (ii) the value does not exceed 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, acquisitions of 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.

Furthermore, under the medium-term loan Exprivia undertakes to ensure that the obligation to pay back any funding received from shareholders (present or future), of any type, is entirely deferred 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 thereof (such as failure to pay back amounts provided or application of the acceleration clause) is also considered as default of 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. a breach of said loan agreement could also result in the accelerated maturity (acceleration) of other loans containing cross acceleration or cross default clauses.

BNL Mortgage Loan

The loan for Euro 2,400,000, originally entered into 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.

The term of the mortgage loan is 30 September 2014.

The interest rate applied is Euribor 6 months + a 1.20 spread, with repayment in six-month instalments.

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 2012 the remaining debt amounted to Euro 564,706, Euro 282,353 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 282,353 to be repaid in 2014 (carried under non-current liabilities).

BNL Loan

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

At 31 December 2012 the remaining debt amounted to Euro 554,166, Euro 395,833 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 158,333 to be repaid after twelve months (carried under non-current liabilities).

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

The loan is backed by a SACE guarantee of Euro 665,000.

Deutsche Bank Loan

A loan for Euro 1,500,000 entered into on 30 June 2008 and disbursed on 20 August 2008. A plan for repayment in quarterly instalments is currently under way, starting on 23 October 2009 until 23 June 2013.

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

At 31 December 2012 the remaining debt amounted to Euro 281,250 to be repaid within twelve months (carried under current liabilities).

There are no collateral guarantees for this loan.

Low-interest Loan from the Ministry of Universities and Research

A loan resolved for Euro 1,430,905 entered into by Exprivia on 12 April 2007, with Euro 1,243,453 disbursed 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.

As at 31 December 2012 the remaining debt amounted to Euro 483,000, Euro 192,456 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 290,544 to be repaid in 2014-2016 (carried under non-current liabilities).

There are no collateral 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, with Euro 1,787,006 disbursed as at 31 December 2010, 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 no. POR 05 of 27 December 2006 by the Ministry of Economic Development.

As at 31 December 2012 the remaining debt amounted to Euro 1,267,062, Euro 176,339 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 1,090,723 to be repaid in 2014-2019 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

Banca Antonveneta Loan

A loan for Euro 5,000,000 entered into on 4 May 2010 and disbursed on 1 June 2010 to be repaid in monthly instalments starting from 10 February 2011 until 10 May 2017.

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

As at 31 December 2012 the remaining debt amounted to Euro 3,589,706, Euro 767,069 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 2,822,637 to be repaid in 2014-2017 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

Banco di Napoli Loan

A loan for Euro 2,000,000 entered into on 20 May 2011 to be repaid in monthly instalments starting from 20 June 2011 until 20 May 2016.

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

As at 31 December 2012 the remaining debt amounted to Euro 1,414,342, Euro 386,275 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 1,028,067 to be repaid in 2014-2016 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

Credito Emiliano Loan

A loan for Euro 1,000,000 entered into on 4 April 2011 to be repaid in monthly instalments starting from 4 May 2011 until 4 April 2014.

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

As at 31 December 2012 the remaining debt amounted to Euro 454,432, Euro 338,903 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 115,529 to be repaid in 2014 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

Emilia Romagna Factor Loan

A loan for Euro 3,500,000 entered into on 30 November 2011 to be repaid in monthly instalments starting from 31 January 2012 until 30 June 2012.

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

As at 31 December 2012 the remaining debt amounted to Euro 2,236,112, Euro 1,069,445 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 1,166,667 to be repaid in 2014 (carried under non-current liabilities).

The loan in question is backed by a lien on 100% of the units of Sis.Pa Srl.

Low-interest Loan from the Ministry of Universities and Research

A loan resolved for Euro 934,900, entered into by Exprivia Solutions S.p.A. on 10 January 2008 and disbursed for Euro 380,624 as at 31 December 2012 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.

As at 31 December 2012 the remaining debt amounted to Euro 174,307, Euro 69,462 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 104,845 to be repaid in 2014-2015 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

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

An unsecured loan for Euro 300,000 entered into 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.

As at 31 December 2012 the remaining debt amounted to Euro 49,120 to be repaid within twelve months (carried under current liabilities).

Centrobanca S.p.A. Low-interest Loan

A loan resolved for Euro 2,025,228, entered into by Svinservice on 28 December 2004, with Euro 1,822,705 disbursed as at 31 December 2012 to finance a research and development project under the financing law 46/82 F.I.T - Project A17/0472/P concerning: Pacchetto Integrato Agevolazioni - PIA Innovazione prevista dal P.O.N. Sviluppo Imprenditoriale Locale" [PIA Innovation under 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 5 August 2003.

As at 31 December 2012 the remaining debt amounted to Euro 750,042, Euro 184,832 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 565,210 to be repaid in 2014-2016 (carried under non-current liabilities).

There are no collateral 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 entered into on 27 July 2009 by Svimservice to execute its development programme through 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 disbursed for Euro 1,244,103 (Euro 1,119,600 of which as the low-interest loan and Euro 124,413 as the bank loan).

The repayment plans for the principal is divided as follows:

Low-interest loan payable in 10 six-month instalments, the first due on 31 December 2009 for Euro 110,715.11

Bank loan payable in 5 six-month instalments, the first due on 30 June 2012.

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

As at 31 December 2012 the remaining debt of the low-interest loan amounted to Euro 338,848, Euro 225,616 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 113,232 to be repaid in 2014 (carried under non-current liabilities).

As at 31 December 2012 the remaining debt amounted to Euro 75,309, Euro 50,121 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 25,188 to be repaid in 2014 (carried under non-current liabilities).

Banca Popolare di Bari Loan

A loan for Euro 3,000,000 entered into on 4 December 2009 by Svimservice and disbursed on 8 January 2010 to be repaid in six-month instalments starting from 30 June 2011 until 31 December 2014.

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

As at 31 December 2012 the remaining debt amounted to Euro 1,558,621, Euro 765,792 of which is to be repaid within twelve months (carried under current liabilities) and the remaining Euro 792,829 to be repaid in 2014 (carried under non-current liabilities).

There are no collateral guarantees for this loan.

Cajamadrid Loan

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

As at 31 December 2012 the remaining debt amounted to Euro 16,294 to be repaid in 2013 (carried under current liabilities).

Banco Popular Loan

A loan for Euro 100,000 entered into on 10 May 2012 by Exprivia SL, expiring on 10 May 2019 and bearing interest at a fixed rate of 5.54%.

As at 31 December 2012 the remaining debt amounted to Euro 93,041, Euro 12,401 of which should be repaid within twelve months (carried under current liabilities) and the remaining Euro 80,640 to be repaid in 2014-2019 (carried under non-current liabilities).

Other financial liabilities

As at 31 December 2012, **“other financial liabilities”** amounted to Euro 2.629.146, compared to Euro 3.215.077 as at 31 December 2011. The table below provides details on the item.

Description	31/12/2012	31/12/2011	Variation
Payables for purchase of investments	1,740,396	1,957,996	(217,600)
Trade payables	697,665	516,608	181,057
Due to tax and social security	191,085	262,105	(71,020)
Payables other lenders	-	478,368	(478,368)
TOTAL	*2,629,146*	*3,215,077*	*(585,931)*

The item **"payables for equity investments"** refers to Euro 217,600 for the acquisition of 51.12% of Prosap to be paid in future reporting periods and Euro 1,522,796 for the earn out expected to be payable to the sellers of Prosap once the targets set at acquisition are reached. The change of Euro 217,600 relates to the reclassification of the current portion of the payables, as this is due by March 2013.

The item **"trade payables"** refers to medium/long-term payment for leased assets.

The item **"tax and social security liabilities"** 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"** decreased to zero as a result of the reclassification of the to the amount due by the subsidiary Realtech S.p.A. to Realtech AG from non-current to current according to the repayment plan.

Provision for risks and charges

Other provisions

As at 31 December 2012, **"other provisions"** amounted to Euro 1,612,698 compared to Euro 1,521,892 as at 31 December 2011. The breakdown is shown in the table below:

Description	31/12/2012	31/12/2011	Variation
Fund other risks		12,000	(12,000)
Fund to cover losses	35,356	87,027	(51,671)
Fund for stock related risks	231,813	40,372	191,441
Fund for tax litigation risks	697,103	777,692	(80,589)
Fund for staff related risks	134,136	51,775	82,361
Fund for contribution related risks	498,415	537,151	(38,736)
Fund for tax bill related risks	15,875	15,875	
TOTAL	*1,612,698*	*1,521,892*	*90,806*

The provision of Euro 35,356 relating to the **“hedge fund”** was set up for the subsidiary Farm Multimedia Srl (in liquidation).

The provision for Euro 231,813 relating to the **“provision for inventory risks and work in progress”** refers to inventory risks for Euro 31,813 and risks related to work in progress for Euro 200,000. The change during the year is due to the fact that the provisions were revised to better reflect current estimates.

The provision for Euro 697,103 refers to the **“provision for tax dispute risks”**, broken down as follows:

- Euro 688,650 for the report on findings issued by the Tax Police on 18 December 2007, which stated that illicit deductions had been made following the write-down applied in 2002 for investments in Infusion Spa and AISoftw@re Technologies & Solutions. The report on findings 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 appeals were rejected.

  Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same report on findings 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 held on 7 May 2012. To date there is no news on its outcome. On the basis of the opinions of the attorneys hired to handle the dispute, the allocation to the financial statements is deemed suitable.

- Euro 8,543 as the residual amount of provisions of 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 a report on findings 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. 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 June 2011 together with numerous documents. On 25 October 2011 the tax commission suspended the effects of the notice of assessment and assessed tax served against the company. At the first hearing of the first appeal, 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, and postponed the hearing. With judgment no. 55/01/12 filed on 31 August 2012, the Tax Commission of Piacenza, ruling on the case after suspending judgment, accepted both of Wel.Network SpA's appeals, which had been joined, completely cancelling the significant findings for VAT purposes and accepting the arguments of the Piacenza Inland Revenue Agency only in relation to two more modest findings (Euro 7379 + Euro 9650 – numbers 2 and 3 of 2004) on the issue of income taxes. In December the judgment was served by Wel.Network to the opposing party, the Inland Revenue Agency. On 18 February 2013, the Piacenza Inland Revenue Agency served an appeal against the judgment. On 17 January 2013, Wel.Network was served with the assessed tax resulting from the first instance judgment, amounting to Euro 14,874.29 which was paid by using the provisions of Euro 23,322. The outcome of the appeal is also 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. Based on these arguments, supported by the opinions of the attorneys appointed to handle the matter it was not deemed necessary to set up additional 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 was issued 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 Tax Police report on findings 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23 February 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 134,136 to the **"provision for staff risks"** refers amounts set aside for current disputes with former employees.

The allocation of Euro 498,415 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.

Employee provisions

Employee severance indemnities

Employee severance indemnities, calculated according to IAS 19, amount to Euro 8,699,275 as at 31 December 2012 compared to Euro 8,632,353 as at 31 December 2011. The provisions are net of amounts paid to Pension Fund Treasury and Union pension funds.

It should be noted that the provision for the financial period, amounting to Euro 4,012,832, also includes Euro 228,855 for service cost, Euro 388,609 relating to the financial component due to the application of discount rates (interest cost) and Euro 19,711 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 reporting 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 employee severance indemnities provisions.

The method can be summarised as follows:

- Projection of "employee severance indemnities" accrued for each worker employed as at 31 December 2012 until estimated retirement;
- Determination of probable "employee severance indemnities" for each worker employed as at 31 December 2012 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 **"provisions for deferred taxes"** amount to Euro 1,295,785 compared to Euro 1,314,573 as at 31 December 2011, and refer mainly to allocations for temporary changes as a result of applying 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 Holding 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 2012 the basic and diluted earnings per share amounted to Euro 0.0442.

Profits (Euro)	31/12/2012
Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	2,151,958
Profit for determining the earnings per basic share	2,151,958
Number of shares	**31/12/2012**
Number of ordinary shares at 1 January 2008	51,883,958
Purchase of own shares at 31 december 2011	(950,024)
Average weighted number ordinary shares for calculation of basic profit	48,651,445
Earnings per share (Euro)	**31/12/2012**
Profit (loss) per basic share	0.0442
Diluted earnings (loss) per share	0.0442

CURRENT LIABILITIES

Current bank debt

At 31 December 2012 the item **"current bank debt"** amounted to Euro 39,824,155 compared to Euro 38,053,114 as at 31 December 2011. Euro 16,444,116 refers to the current amount of loans and includes the portion of the medium-term loan that was reclassified under current debt as provided for by IAS 1, paragraph 74, and Euro 23,380,039 refers to current account overdrafts at major credit institutions.

Trade payables

The item **"trade payables"** amounts to Euro 18,260,095 compared to Euro 19,570,296 as at 31 December 2011.

Advance payment on work in progress contracts

Advances

At 31 December 2012 the item **"advances"** amounted to Euro 3,065,134 compared to Euro 4,662,209 as at 31 December 2011 and mainly refers to advances received from customers for work in progress contracts.

Other financial liabilities

Payables to associated companies

The balance of item **"payables to associated companies"** amounts to Euro 72,505 compared to Euro 9,941 as at 31 December 2011 and refers to the amounts payable to the associated company Pervoice S.p.A. (Euro 34,390) and the associated company Traxall Srl (Euro 38,115).

Amounts payable to others

The balance of item **"amounts payable to others"** amounts to Euro 2,761,627 compared to Euro 10,624,293 at 31 December 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Derived products	133,936	164,827	(30,891)
Payables to others	693,664	707,665	(14,001)
Advance for contrib.	1,934,027	3,691,439	(1,757,413)
Payables to factoring	-	6,060,362	(6,060,362)
TOTAL	*2,761,627*	*10,624,293*	*(7,862,667)*

The change in "payables to factoring firms" is due to the reclassification compared to the previous year of the assignment of trade receivables mainly due from public entities to leading factoring firms through non-recourse factoring.

The item "advances on projects" relates to advances of government grants for ongoing projects. For concluded projects, these are classified as decreased in receivables, as described under "Other receivables".

The table below outlines features of financial derivatives measured at fair value with an effect in the income statement, as well as their Mark-to-Market value as at 31 December 2012.

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	2
B.N.L.	30/11/2008	30/11/2015	IRS	3,841,500	(133,938)
Total					*(133,936)*

Tax liabilities

The balance of item **"tax liabilities"** amounts to Euro 11,703,372 compared to Euro 7,686,919 as at 31 December 2011. The table below provides details on the item compared to figures from the previous financial year.

Description	31/12/2012	31/12/2011	Variation
Payables to tax authority for VAT	6,370,703	4,524,528	1,846,175
Payables to tax authority for IRAP	1,130,472	239,093	891,379
Payables to tax authority for IRES	438,075	11,067	427,008
Payables to tax authority for IRPEF employees	2,688,198	1,585,186	1,103,013
Payables to tax authority for IRPEF freelance workers	83,382	58,668	24,714
Payables Debiti verso Erario per tassazione straordinari	3,826	6,831	(3,005)
Payables to tax authority for IRPEF collaborators	91,298	22,923	68,375
Payables to tax authority	403,498	933,796	(530,298)
Payables to tax authority for IRPEF severance fund	128,109	61,812	66,297
Payables to tax authority for Regional and Municipal add	28,576	8,670	19,906
Payables to tax authority for interest and penalties	337,234	234,346	102,888
TOTAL	*11,703,372*	*7,686,919*	*4,016,453*

A portion of the payables to tax authorities for VAT and for direct taxes (IRES and IRAP) has fallen due and will be settled through voluntary correction of tax returns, benefiting from the reduction in sanctions.

Other current liabilities

Amounts payable to pension and social security institutions

The item **"amounts payable to pension and social security institutions"** amounted to Euro 4,735,262. The table below shows movements during the period and a comparison with figures as at 31 December 2011:

Description	31/12/2012	31/12/2011	Variation
INPS with contributions	3,309,924	3,311,371	(1,447)
Payables to pension funds	192,515	233,510	(40,996)
PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI	109,037	73,906	35,131
Contributions on accrued holiday pay and year-end bonus	1,063,082	823,608	239,474
Payables for penalties and interest	9,614	13,308	(3,695)
INAIL with contributions	51,091	32,497	18,595
TOTAL	*4,735,262*	*4,488,200*	*247,062*

Other payables

The item **"other payables"** amounts to Euro 14,228,859 compared to Euro 15,811,713 as at 31 December 2011.

The table below shows the changes taking place during the period with a comparison to figures as at 31 December 2011:

Description	31/12/2012	31/12/2011	Variation
Directors' pay for settlement	49,475	57,257	(7,782)
Employees/Collaborators for fees accrued	4,160,228	4,310,389	(150,162)
Debts to purchase shareholdings	226,600	1,172,205	(945,605)
Accrued holidays, festivities, summer & yr-end bonuses	4,301,077	3,820,425	480,653
Payables to associations	23,588	15,939	7,649
Sundry payables	472,009	431,120	40,889
Interest and other costs of excercise	334,541	282,953	51,588
Maintenance/services/contributions competence in future years	4,661,342	5,721,425	(1,060,084)
TOTAL	*14,228,859*	*15,811,713*	*(1,582,855)*

Payables for equity investments, amounting to Euro 226,600, comprises Euro 217,600 for the payable to the subsidiary ProSap SL and Euro 9,000 for the payable for the balance of the 4% stake in Consorzio H-BIO Puglia. Both of these payables are due by Exprivia S.p.A. The change during the year was mainly attributable to the following:

- Euro 84,705 for payment of the earn out relating to the investment in Sis.Pa Srl
- Euro 430,000 for payment of the earn out relating to the investment in Realtech Italia S.p.A. (this payable was originally estimated at Euro 450,000, and as a result, a savings of Euro 20,000 has been achieved)
- Euro 400,000 for payment of the earn out relating to the investment in Exprivia Do Brasil Serviços de Informatica Ltda (this payable was originally estimated at Euro 500,000, and as a result, a savings of Euro 100,000 has been achieved)
- Euro 67,000 for payment of the balance of 9.9% of the investment in InFaber Srl
- Euro 70,560 for the subscription of the share capital increase for the investment in Realtech Italia S.p.A.

INFORMATION ON THE INCOME STATEMENT

Details are provided below on the entries making up the expenses and revenues in the 2012 income statement, which was drawn up in accordance with international accounting standards (IAS/IFRS), compared to the same period of the previous year.

As mentioned in the Directors' Report under "Significant Group Figures", for the purpose of comparison the figures shown below for 2011 include those of Realtech S.p.A. (starting from 1 April 2011), Sis.Pa Srl (starting from 1 July 2011) and Exprivia do Brasil Serviços de Informatica Ltda (starting from 1 November 2011).

PRODUCTION REVENUES

Revenues

Revenue from sales and services in 2012 amounted to Euro 137,421,919 compared to Euro 106,821,525 in 2011. See the section 'Trends in Exprivia Group results' in the Report for details and information on revenue from sales and services for the business segments (including changes in inventories in progress).

The table below provides details on the revenue from sales and services (Euro 137,421,919), including changes in inventories for products in progress (Euro 42,204) and changes in work in progress contracts (Euro -8,477,530) pertaining to 2012, compared to 2011 figures and broken down by business segment (in K Euro).

Exprivia Group (value in K €)	31/12/2012	31/12/2011	Variations %
Banks and Finance	22,202	17,354	28%
Industry, Aerospace and Media	19,717	18,201	8%
Energy and Telco	14,173	14,294	-1%
Healthcare	26,124	30,338	-14%
Utilities	25,939	21,104	23%
Public Administration	6,762	4,676	45%
International Aerea	12,192	8,215	48%
Other	1,876	1,594	18%
Total	**128,987**	**115,777**	**11%**

The table below provides details on 2012 revenue, compared with 2011 figures, broken down by business segment (in K €).

Exprivia Group (value in K €)	31/12/2012	31/12/2011	Variations %
Projects and Services	111,417	99,146	12%
Maintenance	10,133	9,704	4%
HW/ SW third parties	2,984	2,949	1%
Own licences	2,575	2,384	8%
Other	1,876	1,594	18%
Total	**128,987**	**115,777**	**11%**

OTHER INCOME

Other revenues and income

In 2012 **"other revenue and income"** amounted to Euro 508,108 compared to Euro 1,575,582 in the same period of the previous year. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Contingency assets	287,886	1,318,267	(1,030,381)
Rental income with subsidiary company	632	18,169	(17,537)
Other revenue	59,872	103,919	(44,047)
Pay in lieu of notice	25,225	10,581	14,644
Income from assignment of vehicles to staff	133,393	124,126	9,268
Capital gains	1,100	521	579
TOTAL	*508,108*	*1,575,582*	*(1,067,474)*

The change in "other operating income" is mainly due to the reclassification of taxes for previous years posted under taxes for the purposes of consistent comparison.

Grants related to income

"Grants related to income" amounted to Euro 1,124,257 in 2012 compared to Euro 1,032,192 in 2011 and refer to grants and tax breaks pertaining to the period or authorised in the period for research projects.

CHANGES IN INVENTORIES

Changes in inventories of work in progress, semi-finished and finished goods

In 2012 the item **"changes in inventories of work in progress, semi-finished and finished goods"** amounted to Euro 42,204 compared to Euro -48,474 in the same period the previous year. It refers to changes in finished products for the medical sector held by the holding company and its subsidiaries GST Srl and Svimservice S.p.A.

Fluctuation in work in progress contracts

In 2012 the item **"fluctuation in work in progress contracts"** amounted to Euro -8,477,530 compared to the positive balance of Euro 9,003,687 in the same period of 2011 and refers to the change in work in progress contracts pertaining to the year.

Increases in fixed assets for internal work

In 2012 the item **"increases in fixed assets for internal work"** amounted to Euro 1,869,045 compared to Euro 1,837,504 in 2011 and refers to expenses incurred in the period to develop products for the banking, healthcare and manufacturing sectors.

PRODUCTION COSTS

RAW MATERIALS, CONSUMABLES AND GOODS

In 2012 the item "raw materials, consumables and goods" amounted to Euro 7,429,209 compared to Euro 6,736,024 in the same period of the previous year. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Purchase of HW-SW products	4,101,444	3,971,892	129,551
Purchase of HW-SW maintenance	2,623,176	1,300,737	1,322,439
Stationery and consumables	146,895	127,898	18,997
Fuel and oil	362,561	286,170	76,391
Transport and freight rates on purchases	56,692	29,798	26,894
Warranty services on our customers activities	138,441	1,019,527	(881,086)
TOTAL	*7,429,209*	*6,736,024*	*693,186*

The increase in “purchase of HW–SW maintenance” is mainly attributable to higher maintenance volumes for SAP licences as a result of the acquisition of new customers.

STAFF COSTS

In 2012 the item **“staff costs”** amounted to Euro 83,190,649 compared to Euro 70,249,449 in 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Salaries and wages	61,335,697	52,435,426	8,900,271
Social charges	16,718,142	13,973,412	2,744,730
Severance Pay	4,012,832	2,852,463	1,160,369
Other staff costs	1,123,978	988,148	135,830
TOTAL	*83,190,649*	*70,249,449*	*12,941,200*

The number of Group employees at 31 December 2012 amounted to 2,017 workers, 1,923 of which employees and 94 temporary workers, compared to 2,029 (1,933 employees and 96 temporary workers) at 31 December 2011.

OTHER COSTS

Other costs for services

In 2012 the item **“other costs for services"** amounted to Euro 22,664,387 compared to Euro 24,478,703 in 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Technical and commercial consultancy	9,846,915	10,641,606	(794,692)
Administrative/company/legal consultancy	1,552,272	1,460,432	91,841
Consultancy to subsidiary companies	22,050	10,159	11,891
Data processing service	765,756	1,262,944	(497,188)
Auditors' fees	352,267	302,910	49,358
Travel and transfer expenses	3,621,330	3,765,835	(144,505)
Other staff costs	224,742	255,742	(31,000)
Utilities	1,343,763	1,230,157	113,605
Advertising and agency expenses	650,807	513,468	137,338
HW and SW maintenance	925,679	718,295	207,384
Insurance	434,425	383,954	50,470
Costs of temporary staff	1,209,678	2,360,772	(1,151,094)
Other costs	1,394,418	1,393,801	617
Mail services	320,286	178,627	141,659
TOTAL	*22,664,387*	*24,478,703*	*(1,814,316)*

The statement below is provided in accordance with art. 149-*duodecies* of CONSOB Issuer Regulations to show amounts paid to the independent auditors in 2012.

The fees are shown gross of the CONSOB contribution.

Type of services	Entity providing the services	Target company	Fees for year 2012
Audit	PKF Italia S.p.A.	Exprivia S.p.A. (Parent)	108,481
Audit	PKF Italia S.p.A.	Exprivia Projects S.p.A.	15,164
Limited revue	PKF Italia S.p.A.	Exprivia SL	2,892
Audit	PKF Italia S.p.A.	Exprivia Solutions S.p.A.	25,187
Audit	PKF Italia S.p.A.	Gruppo Soluzioni Tecnologiche S.r.l. - GST	13,514
Limited revue	PKF Italia S.p.A.	InFaber S.r.l.	2,892
Audit	PKF Italia S.p.A.	Realtech S.p.A.	19,594
Audit	PKF Italia S.p.A.	SiSpa Srl	18,838
Audit	PKF Italia S.p.A.	Spegea S. c.a.r.l.	11,374
Audit	PKF Italia S.p.A.	Svimservice S.p.A.	26,796
Audit	PKF Italia S.p.A.	Wel.Network S.p.A.	23,331
TOTAL			*268,063*

Costs for leased assets

In 2012 the item **"costs for leased assets"** amounted to Euro 4,931,809 compared to Euro 3,643,538 in the same period of the previous year. The table below provides details on the items:

Description	31/12/2012	31/12/2011	Variation
Rental expenses	2,012,632	1,637,429	375,203
Car rental/leasing	1,378,854	1,184,338	194,516
Rental of other assets	1,438,389	708,141	730,248
Royalties	82,036	83,669	(1,633)
Leasing payments	17,166	21,368	(4,202)
Other costs	2,717	8,593	(5,876)
TOTAL	*4,931,809*	*3,643,538*	*1,288,272*

Sundry operating expenses

In 2012 the item **"sundry operating expenses"** amounted to Euro 1,606,243 compared to Euro 1,413,136 in 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Annual subscriptions	123,019	135,816	(12,797)
Books and magazines	35,988	31,436	4,552
Taxes	396,880	194,874	202,005
Stamp duty	93,729	67,675	26,054
Penalties and fines	116,770	45,783	70,987
Charitable donations	12,976	15,244	(2,268)
Contingency liabilities	219,734	460,296	(240,563)
Bank charges and commissions	475,604	293,012	182,593
Write-offs	3,814	24,004	(20,190)
Sundry expenses	120,484	141,293	(20,809)
Penalties and damages	264	3,703	(3,439)
Capital losses on disposals	6,982	-	6,982
TOTAL	*1,606,243*	*1,413,136*	*193,107*

Provisions

In 2012 the item **"provisions"** amounted to Euro 255,780 compared to Euro 214,392 in 2011.

The table below provides details on the items:

Description	31/12/2012	31/12/2011	Variation
Provision for inventory devaluation risk / work in progress	-	2,226	(2,226)
Provision for risk lawsuits by employees	182,708	-	182,708
Provision for risk testing research project	73,072	212,166	(139,094)
TOTAL	*255,780*	*214,392*	*41,388*

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

Amortisation and depreciation

The item **“amortisation and depreciation“** amounted to Euro 3,341,681 compared to Euro 2,660,816 in 2011 and refers to Euro 2,068,899 for intangible assets and Euro 1,272,782 for tangible assets. Details on these items are provided in the notes under “tangible and intangible assets”.

Other write-downs

The item **“other write-downs“** amounted to Euro 897,406 compared to Euro 158,294 in 2011. It mainly refers to the write-downs of several investments in associated companies and other companies, and write-down of intangible assets.

Doubtful receivables included in current assets

The balance of **“write-downs”** amounted to Euro 928,749 compared to Euro 168,662 in 2011 and refers to doubtful receivables unlikely to be collected for several contracts posted under “work in progress contracts”.

FINANCIAL INCOME AND CHARGES

Income from parent companies

In 2012 the item **“income from parent companies”** amounted to Euro 13,245 compared to Euro 16,970 in 2011 and refers to interest accrued by the Parent Company Abaco Innovazione S.p.A. for loans with the subsidiaries Exprivia S.p.A. and Exprivia Solutions S.p.A.

Other financial income

In 2012 the item **“other financial income”** amounted to Euro 71,580 compared to Euro 320,805 in the same period of 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Bank interest receivable	18,244	29,746	(11,502)
Revenues from financial derivatives	46,957	271,616	(224,659)
Interest income from securities	131	-	131
Other interest income	4,050	3,007	1,043
Rounding up of assets	2,198	16,436	(14,238)
TOTAL	*71,580*	*320,805*	*(249,225)*

Interest and other financial charges

In 2012 the item **"interest and other financial charges"** amounted to Euro 3,025,454 compared to Euro 2,569,749 in the same period of the previous year. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Bank interest payable	1,624,223	1,161,368	462,856
Interest on loans and mortgages	897,823	1,065,446	(167,623)
Sundry interest	254,209	151,010	103,199
Charges on financial products and sundry items	238,672	166,243	72,429
Rounding up/down	10,527	25,682	(15,155)
TOTAL	*3,025,454*	*2,569,749*	*455,707*

Profit and loss on currency exchange

In 2012 the **"loss on currency exchange"** amounted to Euro 77,639 compared to a profit on currency exchange of Euro 27,139 in 2011.

INCOME TAXES

Income taxes amounted to Euro 1,799,381. The details and comparison with the previous year are set forth below.

Description	31/12/2012	31/12/2011	Variation
IRES	1,746,354	2,336,943	(590,589)
IRAP	2,605,956	2,615,437	(9,481)
Taxes of previous years	(2,533,326)	(387,108)	(2,146,218)
Deferred taxes	(33,812)	49,646	(83,458)
Prepaid taxes	14,209	473,628	(459,419)
TOTAL	*1,799,381*	*5,088,546*	*(3,289,164)*

The item "Taxes of previous years" includes the benefit deriving from the IRAP application for refund.

The Holding 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.

PROFIT (LOSS) FOR THE PERIOD

The 2012 income statement closed with a consolidated profit (after tax) of Euro 2,424,481.

INFORMATION ON THE CASH FLOW STATEMENT

The **consolidated net financial position** as at 31 December 2012 was Euro -44.0 million, compared to Euro - 44.3 million as at 31 December 2011, and 22% comprises long-term payables.

Despite an increasing level of investments in 2012, amounting to Euro 6 million, the distribution of a Euro 1.6 million dividend for 2011 and a an easing of tension on suppliers, which showed a change of Euro 1.3 million, the Group generated liquidity of Euro 0.3 million during the year, owing to positive cash flows from operating activities amounting to Euro 5.8 million and the management of net working capital amounting to Euro 3.3 million.

The ratio of the net financial position to revenues improved further to 33% from 37% in 2011 and from 40% in 2010. The ratio of net working capital to revenues also improved, falling from 38% in 2010 to 33% in 2011, with an additional improvement to 28% in 2012.

Statement for Consolidated Financial Statements pursuant to Art. 154 bis of Italian Legislative Decree 58/98

The undersigned Domenico Favuzzi, Chairman and CEO, and Giovanni Sebastiano, Executive manager 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 year ended as at 31 December 2012.

Furthermore, it is certified that the consolidated 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 and group of subsidiaries included in consolidation, together with the description of the main risks and uncertainties.

Molfetta, 12 March 2013

Chairman and Chief Executive Officer

(Mr. Domenico Favuzzi)

Executive Manager responsible for Preparing the Corporate Accounts

(Mr. Gianni Sebastiano)

PKF
Revisione e organizzazione contabile

EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2012
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N.39 OF JANUARY 27, 2010

Revisione e
organizzazione contabile

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, 2012, comprising the consolidated balance sheet, the consolidated income statement, 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.

   The consolidated financial statements present for comparative purposes prior year data. As explained in the notes to the consolidated financial statements, the Directors have re-presented comparative figures related to the prior year's consolidated financial statements with respect to the data previously reported and audited by us, on which we issued an auditor's report dated 28 March, 2012. These changes in comparative figures and related disclosures included in the notes to the consolidated financial statements have been audited by us for the purpose of expressing our opinion on the consolidated financial statements as of and for the year ended 31 December, 2012.

3. In our opinion, the consolidated financial statements of the Exprivia Group as of and for the year ended December 31, 2012 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.

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4. 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, 2012.

Bari, Italy March 26, 2013

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 STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012, PURSUANT TO ART. 41 OF ITALIAN LEGISLATIVE DECREE NO. 127 OF 9 APRIL 1991

Dear Shareholders,

As part of our duties, we have checked, pursuant to Art. 41 of Italian Legislative Decree 127/1991, the Consolidated Financial Statements as at 31 December 2012 for the Exprivia Group, which show total assets of Euro 187,120,765, shareholders' equity of Euro 68,680,875, profit for the year of Euro 2,424,481, revenues of Euro 132,488,003 and EBITDA of Euro 12,409,926, amounting to 9.37% of revenues.

The audit by the Board of Statutory Auditors also included analysis of the movements in shareholders' equity, the cash flow statement provided on the same date, the explanatory notes and, lastly, the report on operations, which is consistent with the accounting document that was subject to close analysis and, lastly, the report by the independent auditors who carried out their examination in line with Articles 14 and 16 of Italian Legislative Decree 39/2010.

All the aforementioned documents were produced by the various parties responsible therefore, in full compliance with the terms set out by Art. 154 ter of Italian Legislative Decree no. 58/98 and by Art. 2.2.3, paragraph 3 a) of the Regulations of Markets organised and managed by Borsa Italiana S.p.A.

The determination of the consolidation area 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 2012 are described in detail in the Directors' Report.

Firstly, we invited the Board of Directors and, specifically, the "Executive Manager" responsible for Preparing the Corporate Accounts for the Financial Statements to always take into due consideration, both for the Holding Company and for the Subsidiaries, the joint document of the Bank of Italy/Consob/ISVAP no.4 of 03 March 2010 in reference *"to information to be provided in the financial reports (Annual and Interim Financial Statements) on impairment testing of assets, contractual clauses of payables and on the 'Fair Value Hierarchy'"* .

The Directors' Report contains, provides and illustrates all evidence, data and information required, respectively, by Art. 2428 of the Italian Civil Code and Art. 40 of Italian Legislative Decree 127/1991, referred to above.

Lastly, the Directors' Report, clarifies and explains in an appropriate and exhaustive manner the economic, capital and financial position, the performance of previous operations and the outlook of the same, subsequent to the year-end 2012, relating to the totality of companies involved in the consolidation.

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 holding company's financial statements.

The "ORGANISATION, MANAGEMENT AND CONTROL MODEL" adopted by the Holding Company Exprivia SpA pursuant to Italian Legislative Decree 231/2001 has already been adopted by the majority of subsidiaries, while it is being implemented by the remaining companies.

The Board of Statutory Auditors, following the joint document of the Bank of Italy, CONSOB and ISVAP dated 3 March 2010, which highlights the need to report any financial liabilities that do not comply with contractual clauses, notes that the active flows of receivables towards the public sector, while not presenting a credit risk, do 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 income management amounted to Euro 5,833,084, equal to 4.40% of production revenues, totalling Euro 132,488,003.

The Exprivia Group had 2017 employee and temporary workers as at 31 December 2012.

The Board of Statutory Auditors acknowledges acknowledging the judgement expressed by the Independent Auditors PKF Italia Spa in their Report dated 26 March 2013, in accordance with Articles 14 and 16 of Italian Legislative Decree no 39/2010, according to which "the consolidated financial statements of the Exprivia Group as at 31 December 2012 are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as with the measures issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005. They are therefore drafted clearly and provide a true and fair view of the capital and financial situation, the operating result, and the cash flows of the Exprivia Group for the financial year ending at that date".

For all that is set out herein, the Board of Statutory Auditors has no further comments to make on the relevant accounting document and expresses its favourable opinion for the approval thereof.

Milan, 27 March 2013

For the Board of Statutory Auditors

Renato Beltrami

Chairman

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

In addition to coordinating the other companies in the Group, the Holding 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
- 2012 Market Trends
- Markets
- Investments
- Events and Sponsorships
- Risk and Uncertainties
- Significant Events
- Events after 31 December 2012
- Exprivia's Stock Market Performance
- Human Resources
- Management and Control Organisation Model (pursuant to Legislative Decree no. 231/2001)
- Quality Assurance Certification
- Security Planning Document under Legislative Decree no. 196/2003
- Business Outlook

Significant Exprivia Figures and Result Indicators

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

	31.12.2012	31.12.2011
Total production revenues	70,152,196	63,497,532
net proceeds and variation to work in progress to order	67,386,023	60,277,478
increase to assets for internal work	1,309,609	1,335,548
other proceeds and contributions	1,456,565	1,884,506
Difference between costs and production proceeds (EBITDA)	2,220,602	2,515,963
% on production proceeds	3.17%	3.96%
Net operating result (EBIT)	(1,441,915)	443,801
% on production proceeds	-2.06%	0.70%
Net result	2,604,023	3,215,443
Group net equity	62,660,968	62,136,290
Total assets	158,197,805	156,881,166
Capital stock	26,979,658	26,979,658
Net working capital (1)	14,567,644	17,734,217
Cash flow (2)	4,899,845	5,109,838
Fixed capital (3)	91,221,066	88,617,206
Investment	3,585,960	10,024,403
Cash resources/bonds (*a*)	1,973,348	3,113,527
Short-term financial debts (*b*)	(28,534,386)	(28,462,560)
Medium-/long-term financial debts (*c*)	(7,870,032)	(10,870,819)
Net financial position (4)	(34,431,071)	(36,219,851)

(1) - "Net working capital" is calculated as the sum of total current assets less cash at bank and on hand and total current liabilities plus current bank debt
(2) - **Cash flow** is calculated as the sum of net profit (loss) 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 regarding financial year 2012, compared with 2011.

Exprivia	31/12/2012	31/12/2011
Index ROE (Net income / equity capital)	4.16%	5.17%
Index ROI (EBIT / Net Capital Invested)	-1.49%	0.45%
Index ROS (EBIT / Revenues)	-1.92%	0.84%
Financial charges / Net profit	78.63%	55.94%

The table below shows the main capital and financial indicators of the Company as at 31 December 2012 and as at 31 December 2011.

Exprivia	31/12/2012	31/12/2011
Net Financial Debt / Equity Capital	0.55	0.58
Debt ratio (Total Liabilities / Equity Capital)	2.52	2.52

In 2011 Exprivia reported **production revenues** amounting to Euro 70.2 million compared to Euro 63.5 million in 2011.

EBITDA amounted to Euro 2.2 million compared to Euro 2.5 million in 2011.

EBIT amounted to Euro -1.4 million compared to Euro 0.4 million in 2011.

Lastly, **net profit** amounted to Euro 2.6 million compared to Euro 3.2 million in 2011.

The **net financial position** as at 31 December 2012 was Euro -34.4 million, compared to Euro -36.2 million as at 31 December 2011. Despite an increasing level of investments in 2012, amounting to Euro 5.6 million, the distribution of a Euro 1.6 million dividend for 2011 and an improvement of Euro 0.3 million in payments to suppliers, the holding company generated liquidity of Euro 1.8 million during the year, owing to positive cash flows from operating activities amounting to Euro 6.0 million and the management of net working capital amounting to Euro 3.5 million.

At 31 December 2012 **Shareholders' Equity** amounted to Euro 62.7 compared to Euro 62.1 as at 31 December 2011.

Treasury shares

At 31 December 2012 Exprivia held 950,024 treasury shares.

Exprivia shares held by members of the Board of Directors

As at 31 December 2012 Domenico Favuzzi, Chairman and CEO of Exprivia S.p.A., directly held 267,734 Exprivia shares. In addition, 16,900 Exprivia shares were held by the Vice-President Dante Altomare, 134,998 shares by the independent director Giorgio De Porcellinis, and 7,000 shares by Ms. Valeria Savelli.

None of the other members of the Board of Directors, their non-legally separate spouses, or their underage children directly or indirectly hold any shares in Exprivia S.p.A.

Inter-Company Relations

The Group companies constantly work together to optimise human resources and for technological and application development.

Transactions between Exprivia S.p.A. and the companies included in the consolidation area 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 the consolidation area.

Trade receivables

Description	31/12/2012	31/12/2011	Variation
Consorzio Exprivia	321		321
Datilog S.r.l.	178,414	160,676	17,738
Exprivia Projects S.p.A.	241,399	(35,833)	277,232
Exprivia Solutions S.p.A.	165,120	301,469	(136,349)
Exprivia SL	38,460		38,460
ProSap Group	26,100		26,100
GST S.r.l.	225,610	58,106	167,504
Infaber S.r.l.	(3,105)	43,111	(46,216)
Realtech S.p.A.	25,512	5,160	20,352
SiSpa Srl	34,788	(12,346)	47,134
Spegea S.c. a.r.l.	87,830	57,918	29,912
Svimservice S.p.A.	139,026	597,183	(458,157)
Wel.Network S.p.A.	9,314,098	6,149,575	3,164,523
TOTAL	*10,473,573*	*7,325,019*	*3,148,554*

Financial Receivables

Description	31/12/2012	31/12/2011	Variation
Consorzio Exprivia	40		40
Exprivia Projects S.p.A.	114,885	113,777	1,108
Exprivia SL		30,000	(30,000)
Exprivia Solutions S.p.A.	3,122,523	1,715,372	1,407,151
ProSap Group	2,232,083	1,794,083	438,000
GST S.r.l.	24,913		24,913
Infaber S.r.l.	30,627	46,176	(15,549)
Spegea S.c. a.r.l.	100,000	100,000	
Svimservice S.p.A.		373,063	(373,063)
Wel.Network S.p.A.	10,974	106,301	(95,327)
TOTAL	*5,636,045*	*4,278,772*	*1,357,273*

Trade Payables

Description	31/12/2012	31/12/2011	Variation
Datilog S.r.l.	19,436	9,052	10,384
Exprivia Projects S.p.A.	3,418,867	748,244	2,670,623
Exprivia Solutions S.p.A.	873,739	497,149	376,590
ProSap SL		41,315	(41,315)
GST S.r.l.	114,225	71,370	42,855
Realtech S.p.A.	1,325,601	944,084	381,517
SiSpa Srl	10,651		10,651
Spegea S.c. a.r.l.		17,767	(17,767)
Svimservice S.p.A.	60,494	43,410	17,084
Wel.Network S.p.A.	6,936,103	2,518,834	4,417,269
TOTAL	*12,759,116*	*4,891,225*	*7,867,891*

Financial Payables

Description	31/12/2012	31/12/2011	Variation
Datilog Srl	69,892		69,892
Exprivia Projects S.p.A.	79,236	1,689,255	(1,610,019)
GST S.r.l.	28,879	26,476	2,403
Infaber S.r.l.	409,442	300,000	109,442
Realtech S.p.A.	37,335	73,440	(36,105)
SiSpa Srl	2,020,060	1,914,809	105,251
Spegea S.c. a.r.l.	8,846		8,846
Svimservice S.p.A.	1,374,876	50,000	1,324,876
Wel.Network S.p.A.	130,019		130,019
TOTAL	*4,158,585*	*4,053,980*	*104,605*

Trade Costs

Description	31/12/2012	31/12/2011	Variation
Exprivia Projects S.p.A.	7,331,490	3,837,608	3,493,882
Exprivia Solutions S.p.A.	3,310,682	3,270,712	39,970
GST S.r.l.	281,013	213,811	67,202
Network Services S.r.l.	97,317	25,566	71,751
ProSap SL	196,435	86,587	109,848
Realtech S.p.A.	1,849,717	825,367	1,024,350
SiSpa S.p.A.	1,847		1,847
Spegea S.c. a.r.l.	4,000	22,605	(18,605)
Svimservice S.p.A.	236,647	229,404	7,243
Wel.Network S.p.A.	4,395,616	3,587,512	808,104
TOTAL	*17,704,764*	*12,099,171*	*5,605,593*

Financial Costs

Description	31/12/2012	31/12/2011	Variation
Exprivia Solutions S.p.A.		121	(121)
Exprivia Projects S.p.A.	4,997		4,997
Infaber S.r.l.	9,698	264	9,434
SiSpa Srl	45,380	12,346	33,034
Svimservice S.p.A.	27,287	750	26,537
TOTAL	*87,362*	*13,481*	*73,881*

Trade Revenues

Description	31/12/2012	31/12/2011	Variation
Exprivia Projects S.p.A.	622,123	254,337	367,786
Exprivia Solutions S.p.A.	1,346,906	1,651,570	(304,664)
Exprivia SL	138,460		138,460
GST S.r.l.	110,600	44,600	66,000
Infaber S.r.l.	137,676	136,448	1,228
Network Services S.r.l.	44,388	162,051	(117,663)
Realtech S.p.A.	22,000	4,320	17,680
SiSpa S.p.A.	90,500		90,500
Spegea S.c. a.r.l.	179,122	90,754	88,368
Svimservice S.p.A.	1,095,234	1,065,752	29,482
Wel.Network S.p.A.	4,916,390	4,884,733	31,657
TOTAL	*8,703,399*	*8,294,565*	*408,834*

Financial Income

Description	31/12/2012	31/12/2011	Variation
Exprivia Projects S.p.A.	14,312	23,628	(9,316)
Exprivia Solutions S.p.A.	735,164	911,006	(175,842)
ProSap SL	88,125	31,172	56,953
SiSpa Srl	1,185,747		1,185,747
Svimservice S.p.A.	4,000,237	4,111,020	(110,783)
TOTAL	*6,023,585*	*5,076,826*	*946,759*

RELATIONS WITH AFFILIATES AND ASSOCIATED COMPANIES

Transactions between Exprivia S.p.A. and affiliates and associated companies, excluding subsidiaries, 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 affiliates.

Trade receivables

Description	31/12/2012	31/12/2011	Variation
Traxall Srl	140,271		140,271
TOTAL	*140,271*		*140,271*

Trade Payables

Description	31/12/2012	31/12/2011	Variation
Pervoice S.p.A.		9,941	(9,941)
Traxall Srl	38,115		38,115
TOTAL	*38,115*	*9,941*	*28,174*

Trade Costs

Description	31/12/2012	31/12/2011	Variation
Pervoice S.p.A.		19,159	(19,159)
Traxall Srl	31,500		31,500
TOTAL	*31,500*	*19,159*	*12,341*

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

	31.12.2012	31.12.2011
NON-CURRENT ASSETS		
Property, plant & machinery	**8,578,281**	**7,472,369**
Land and buildings	6,243,059	6,353,083
Work in progress and advances	898,331	231,469
Other assets	1,436,892	887,818
Goodwill and other assets with an indefinite useful life	**26,305,768**	**26,305,768**
Goodwill	26,305,768	26,305,768
Other intangible assets	**3,404,254**	**2,952,911**
Intangible assets	880,445	252,528
Research and development costs	2,523,809	2,700,383
Equity investments	**49,424,878**	**49,679,013**
Investments in subsidiaries	48,514,802	48,160,938
Investments in associates	90,000	30,000
Investments in other companies	820,075	1,488,075
Other financial assets	**2,872,263**	**1,537,785**
Receivables to subsidiaries	1,488,083	1,537,785
Other receivables	1,384,180	
Deferred tax assets	**635,623**	**669,360**
Prepaid/deferred taxes	635,623	669,360
TOTAL NON-CURRENT ASSETS	**91,221,066**	**88,617,206**

	31.12.2012	31.12.2011
CURRENT ASSETS		
Trade receivables and others	**55,750,995**	**47,716,453**
Trade receivables	32,075,978	25,666,173
Receivables from associates	14,613,835	10,066,006
Receivables to subsidiaries	140,271	
Receivables to parent companies	437,446	229,713
Other receivables	8,166,773	10,948,988
Tax receivables	316,692	805,573
Inventories	**45,181**	**60,912**
Inventories	45,181	60,912
Work in progress contracts	**9,207,215**	**17,373,067**
Work in progress contracts	9,207,215	17,373,067
Cash at bank and on hand	**1,973,348**	**3,113,527**
Held at bank	1,969,925	3,109,365
Cheques and cash in hand	3,423	4,163
TOTAL CURRENT ASSETS	66,976,739	68,263,960
TOTAL ASSETS	**158,197,805**	**156,881,166**

		31.12.2012	31.12.2011
SHAREHOLDERS' EQUITY			
Share capital		**26,979,658**	**26,979,658**
	Share capital	26,979,658	26,979,658
Treasury shares		**(494,012)**	**(46,508)**
	Treasuru shares	(494,012)	(46,508)
Share Premiun Reserve		**18,081,738**	**18,081,738**
	Share premiun	18,081,738	18,081,738
Revaluation reserve		**2,907,138**	**2,907,138**
	Revaluation reserve	2,907,138	2,907,138
Other reserves		**12,582,423**	**10,998,820**
	Legal reserve	3,182,603	3,021,831
	Extraordinary reserve	1,636,092	189,823
	Other reserves	7,904,776	7,904,776
	Reserve tax deferred	82,845	106,283
	IAS tax effect	(223,893)	(223,893)
Profit/Loss for the period		**2,604,023**	**3,215,443**
TOTAL SHAREHOLDERS' EQUITY		**62,660,968**	**62,136,290**

	31.12.2012	31.12.2011
NON-CURRENT LIABILITIES		
Non-current bank debt	**7,870,032**	**10,870,819**
Non-current bank debt	7,870,032	10,870,819
Other financial liabilities	**3,119,238**	**2,517,719**
Payables to subsidiaries	652,236	50,000
Tax and social security debts after one year	191,085	262,105
Investment in subsidiaries	1,740,396	1,957,996
Trade payables due after one year	535,521	247,617
Provision for risks and charges	**1,439,247**	**1,313,703**
Other provisions	1,439,247	1,313,703
Employee provisions	**3,224,046**	**3,211,066**
Employee severance indemnities	3,224,046	3,211,066
Deferred tax liabilities	**914,140**	**952,795**
Provisions for deferred taxes	914,140	952,795
TOTAL NON-CURRENT LIABILITIES	**16,566,703**	**18,866,101**

	31.12.2012	31.12.2011
CURRENT LIABILITIES		
Current bank debt	**28,534,386**	**28,462,560**
Current bank debt	28,534,386	28,462,560
Trade payables	**13,230,403**	**13,553,671**
Trade payables	13,230,403	13,553,671
Advances payment on work in progress contracts	**2,257,661**	**2,738,724**
Advances	2,257,661	2,738,724
Other financial liabilities	**17,948,325**	**15,884,835**
Payables to subsidiaries	16,265,465	8,895,205
Payables to associated companies	38,115	9,941
Other accounts payable	1,644,744	6,979,689
Tax liabilities	**5,417,262**	**2,545,391**
Tax liabilities	5,417,262	2,545,391
Other current liabilities	**11,582,096**	**12,693,594**
Amounts payable to pension and social security institutions	2,446,443	2,207,192
Other payables	9,135,654	10,486,402
TOTAL CURRENT LIABILITIES	**78,970,134**	**75,878,775**
TOTAL LIABILITIES	**158,197,805**	**156,881,166**

EXPRIVIA – INCOME STATEMENT

		31.12.2012	31.12.2011
Revenues		**75,097,606**	**52,675,670**
	Revenue from sales and services	75,097,606	52,675,670
Other income		**1,456,565**	**1,884,506**
	Other revenues and income	572,636	990,374
	Grants related to income	883,929	894,132
Changes in inventories of finished goods and work in progerss		**(6,401,975)**	**8,937,357**
	Changes in inventories of work in progress	(15,731)	(46,923)
	Changes in work in progress contracts	(7,695,852)	7,648,731
	Increase in capitalised expenses for intenal projects	1,309,609	1,335,548
TOTAL PRODUCTION REVENUES		**70,152,196**	**63,497,532**
Raw materials and consumables used		**4,146,637**	**4,568,641**
	Costs of raw, subsid. & consumable mat. and goods	4,146,637	4,568,641
Costs connected with employee-related benefits		**38,491,849**	**32,906,438**
	Salaries	28,355,499	24,446,454
	Social security charges	7,683,339	6,487,182
	Emplouee severance indemnities	1,922,377	1,419,019
	Other staff costs	530,634	553,783
Other costs		**25,293,107**	**23,506,490**
	Other costs for services	22,257,109	21,126,753
	Costs for leased assets	2,392,322	1,658,846
	Sundry operating expenses	540,605	506,498
	Provisions	103,072	214,392
TOTAL PRODUCTION COSTS		**67,931,594**	**60,981,569**
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		**2,220,602**	**2,515,963**

	31.12.2012	31.12.2011
Amortisation, depreciation and write-downs	**3,662,517**	**2,072,162**
Ordinary amortisation of intangible assets	1,676,643	1,468,421
Ordinary depreciation of tangible assets	606,198	544,292
Other write-downs	680,000	
Doubtful receivables included in current assets	699,676	59,449
OPERATIVE RESULT	**(1,441,915)**	**443,801**
Financial income and charges	**(3,907,568)**	**(3,565,152)**
Proceeds from shareholdings from parents	(5,873,480)	(4,994,522)
Proceeds from parents companies	(150,104)	(82,304)
Proceeds from others shareholdings	(594)	
Other proceeds with separate indication	(10,792)	(298,726)
Interest and other financial charges	2,047,613	1,798,631
Charges from subsidiaries	87,362	13,481
Profit and loss on foreign exchange	(7,574)	(1,711)
PRE-TAX RESULT	**2,465,653**	**4,008,952**
Income tax	**(138,370)**	**793,509**
IRES	(377,219)	(232,594)
IRAP	1,176,676	1,104,006
Taxes previous years	(932,909)	(253,943)
Deferred taxes	(38,655)	(53,530)
Tax paid in advance	33,737	229,570
PROFIT OR LOSS FOR THE PERIOD	**2,604,023**	**3,215,443**

STATEMENT OF COMPREHENSIVE INCOME (*) FOR FINANCIAL YEARS AS AT 31 DECEMBER 2012 AND 31 DECEMBER 2011

Description	31/12/2012	31/12/2011
Profit for the period	2,604,023	3,215,443
Net income (loss) from sale of own shares	(45,788)	
Net income / (expense) for the period recognized in equity	*(45,788)*	*-*
Total comprehensive income	**2,558,235**	**3,215,443**

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

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

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

CHANGES IN EXPRIVIA SHAREHOLDERS' 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 31/12/2010	**26,979,658**		**18,081,748**	**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)**	**18,081,748**	**2,907,138**	**3,021,831**	**-**	**7,976,988**	**-**	**3,215,443**		**62,136,290**
Reclassification previous year's profit					160,772		3,054,671		(3,215,443)		
Dividend distribution							(1,608,401)				(1,608,401)
Purchase of own shares		(530,471)					(54,766)				(585,237)
Sale of own shares		82,967					77,116				160,083
Profit (loss) of the period									2,604,023		2,604,023
Net income / (expense) for the period recognized in equity							(45,788)				(45,788)
Balance at 31/12/2012	**26,979,658**	**(494,012)**	**18,081,748**	**2,907,138**	**3,182,603**	**-**	**9,399,820**	**-**	**2,604,023**	**2,558,235**	**62,660,968**

EXPRIVIA – CASH FLOW STATEMENT

	31.12.2012	31.12.2011
Operating activities:		
- Profit (loss)	2,604,023	3,215,443
- Amortisation, depletion and depreciation of assets	2,282,841	2,012,713
- Provision for Severance Pay Fund	1,922,377	1,419,019
- Advances/Payments Severance Pay	(1,909,397)	(1,537,337)
Cash flow arising from operating activities	**4,899,845**	**5,109,838**
Increase/Decrease in net working capital:		
- Variation in stock and payments on account	7,700,521	(8,143,416)
- Variation in receivables to customers	(6,409,805)	(1,254,204)
- Variation in receivables to parent/subsidiary/associated company	(4,895,834)	(2,072,127)
- Variation in other accounts receivable	3,271,096	(2,986,947)
- Variation in payables to suppliers	(323,268)	7,081,888
- Variation in payables to parent/subsidiary/associated company	7,398,434	6,848,855
- Variation in tax and social security liabilities	3,111,122	(2,631,410)
- Variation in other accounts payable	(6,685,693)	4,308,001
- Variation in prepaid expenses and accrued income	688,408	(550,316)
Cash flow arising (used) from current assets and liabilities	**3,854,981**	**600,323**
Cash flow arising (used) from current activities	**8,754,826**	**5,710,161**
Investment activities:		
- Variation in tangible assets	(1,712,110)	(430,217)
- Variation in intangible assets	(2,127,985)	(1,671,347)
- Variation in financial assets	(1,046,605)	(8,761,257)
Cash flow arising (used) from investment activities	**(4,886,701)**	**(10,862,821)**
Financial activities:		
- Change in shareholders' equity	(2,079,345)	(1,834,132)
Cash flow arising (used) from financial activities	**(2,079,345)**	**(1,834,132)**
Increase (decrease) in cash	**1,788,780**	**(6,986,792)**
Banks and cash profits at start of year	3,113,527	3,645,308
Banks and cash losses at start of year	(39,333,378)	(32,878,368)
Banks and cash profits at end of period	1,973,348	3,113,527
Banks and cash losses at end of period	(36,404,419)	(39,333,378)
Increase (decrease) in liquidity	**1,788,780**	**(6,986,792)**

Explanatory Notes for Exprivia S.p.A. Financial Statements as at 31 December2012

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 8,578,281 compared to Euro 7,472,369 as at 31 December 2011.

The table below shows movement in the reporting period:

Categories	Historical cost 01/01/12	Inc.	Dec.	Historical cost at 31/12/12	Reserve prov. at 01/01/12	Provision for period	Dec.	Cum. prov.	Net value at 31/12/12
Land	247,716	-		247,716	-	-	-	-	247,716
Buildings	7,788,493	136,839		7,925,332	(1,683,126)	(246,863)	-	(1,929,989)	5,995,343
Others	5,849,741	908,408	(1,094,158)	5,663,991	(4,961,922)	(359,333)	1,094,158	(4,227,097)	1,436,892
Fixed assets in progress	231,469	666,862		898,331	-	-	-	-	898,331
TOTAL	*14,117,418*	*1,712,110*	*(1,094,158)*	*14,735,370*	*(6,645,048)*	*(606,197)*	*1,094,158*	*(6,157,086)*	*8,578,281*

The Euro 1,712,110 rise is mainly due to:

- Costs incurred for works on the new leased head offices in Milan (Euro 136,839);
- Electronic office equipment purchased (Euro 280,911);
- Furniture and furnishings purchased (Euro 27,844);
- Costs incurred for work to extend the head offices in Molfetta - Via Giovanni Agnelli (Euro 666,862);
- Assets purchased through financial leasing (Euro 583,880). It should be noted that minimum future payments within one year amount to Euro 205,943, while those due in one to five years amount to Euro 535,521.

The decrease for the period, amounting to Euro 1,094,158, is attributable to the disposal of obsolete, fully depreciated assets.

GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

Goodwill

As at 31 December 2012 **"goodwill"** amounted to Euro 26,305,768 and is the same as at 31 December 2011.

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 3,404,254 compared to Euro 2,952,911 as at 31 December 2011.

The table below shows movement in the reporting period:

Categories	Historic cost 01/01/12	Increases at 31/12/12	Total historic cost at 31/12/12	Deprec. fund at 01/01/12	Deprec. quota for period	Cumulated deprec. 31/12/12	Net value at 31/12/12
Development of advertising	24,745,533	1,309,609	26,055,142	(22,045,151)	(1,486,183)	(23,531,334)	2,523,809
Patents and Intellectual Property Rights	2,359,088	-	2,359,088	(2,359,088)	-	(2,359,088)	-
Permits, brands	46,063	-	46,063	(46,063)		(46,063)	
Sundries	2,367,830	818,377	3,186,207	(2,115,300)	(190,460)	(2,305,760)	880,445
TOTAL	*29,518,514*	*2,127,986*	*31,646,500*	*(26,565,602)*	*(1,676,643)*	*(28,242,245)*	*3,404,254*

The most significant items concern investments to **develop** software applications for the banking and medical sectors and Euro 801,736 for purchases of software products for the execution of a work in progress contract.

INVESTMENTS

The item **"equity investments"** as at 31 December 2012 amounted to Euro 49,424,878 compared to Euro 49,679,013 as at 31 December 2011.

The item is broken down below.

Investments in subsidiaries

At 31 December 2012 the item **"investments in subsidiaries"** amounted to Euro 48,514,802 compared to Euro 48,160,938 as at 31 December 2011. The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
Datilog S.r.l.	152,945	138,000	14,945
Exprivia Do Brasil	650,000	750,000	(100,000)
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	866,275	
Infaber Srl	494,199	144,200	349,999
ProSap	2,708,716	2,610,796	97,920
Realtech S.p.A.	1,600,000	1,620,000	(20,000)
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	
Consorzio Exprivia S.c. a r.l.	11,000		11,000
TOTAL	***48,514,802***	***48,160,938***	***353,864***

The values of investments 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 investments.

In accordance with IFRS 3 the cost (value) of investments acquired in 2011 in Realtech Italia S.p.A. and in Exprivia do Brasil Ltda was decreased as a result of the redetermination of the considerations agreed based on the additional price components provided in the acquisition agreements and subsequent additions and/or agreements.

Estimates of additional price components are based on assessments made by company management on the reasonable capacity of the acquired companies to achieve income-based objectives in order to have potential payments recognised. Based on these assessments, the earn out posted as an increase in the value of the investment in ProSap did not undergo any changes and/or adjustments during the year. The table below provides figures related to the shareholders' equity of subsidiaries.

Company	H.O.	Company Capital	Result of the period	Net worth	Value of production	Total Assets	% of holding
Consorzio Exprivia	Milano	20,000	(361)	19,639		20,000	55.00%
Datilog S.r.l.	Milano	10,400	(194,446)	(184,046)	656,884	301,733	76.00%
Expriva SL	Madrid (Spagna)	8,250	280,178	702,994	2,837,688	1,646,672	60.00%
Exprivia Do Brasil Servicos Ltda	Rio de Janeiro (Brasile)	57,960	185,185	546,194	1,121,000	718,758	97.00%
Exprivia Projects S.p.A.	Roma	242,000	521,002	844,578	7,515,301	4,248,158	100.00%
Exprivia Solutions S.p.A.	Roma	170,795	493,853	1,273,415	7,973,595	9,289,844	100.00%
GST S.r.l.	Trento	27,500	87,596	457,188	2,042,449	2,177,469	100.00%
Infaber S.r.l.	Molfetta (BA)	110,000	223,575	730,246	1,515,944	1,112,943	100.00%
ProSap	Madrid (Spagna)	197,904	70,379	224,645	3,793,145	3,744,279	51.12%
Realtech S.p.A.	Agrate Brianza (MB)	1,520,000	242,221	1,853,947	9,973,253	6,310,193	51.00%
SiSpa Srl	Milano	580,000	1,197,890	2,613,421	7,107,950	3,877,571	100.00%
Spegea Sc a rl	Bari	125,000	207,187	442,001	2,000,040	2,037,923	60.00%
Svimservice S.p.A.	Bari	1,548,000	2,568,896	4,761,991	19,522,445	21,455,579	100.00%
Wel.Network S.p.A.	Piacenza	1,500,000	130,004	1,153,572	11,604,443	13,781,339	100.00%

Investments in associates

"Investments in associates" amounted to Euro 90,000 as at 31 December 2012 compared to Euro 30,000 as at 31 December 2011 and related to 30% of the investment in TraxAll Srl.

Investments in Other Companies

As at 31 December 2012, the item **"investments in other companies"** amounted to Euro 820,075 compared to Euro 1,488,075 as at 31 December 2011.

The table below provides details on this item:

Description	31/12/2012	31/12/2011	Variation
Advanced Computer Systems	740,816	1,420,816	(680,000)
Cered Software	104	104	
Consorzio Biogene	3,000	3,000	
Consorzio Conca Barese	2,000	2,000	
Consorzio Pugliatech	2,000	2,000	
Consorzio Daisy-Net	13,939	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	
H.BIO Puglia	12,000		12,000
Ultimo Miglio Sanitario	1,250	1,250	
TOTAL	*820,075*	*1,488,075*	*(668,000)*

The change is mainly attributable to the write-down of Advanced Computer Systems (ACS), in consideration of the lasting nature attributed to the mismatch of the book value of the investment to the corresponding portion of shareholders' equity (as per an updated accounting statement).

OTHER FINANCIAL ASSETS

Receivables from subsidiaries

As at 31 December 2012 the item **"receivables from subsidiaries"** amounted to Euro 1,488,083 compared to Euro1,537,785 as at 31 December 2011 and refers to the amount of a medium/long-term loan granted to the subsidiaries ProSap SL (Euro 1,398,700) and ProSap SA DE CV (Euro 89,383), governed by an agreement between the parties.

Tax receivables

The item **"tax receivables"** amounted to Euro 1,384,180 as at 31 December 2012, of which Euro 602,236 pertaining to the subsidiaries under tax consolidation relating to the deductibility of the IRAP tax calculated on staff costs, which generated a recovery of IRES tax. Article 4 of Decree Law no. 16/2012 extended the above deduction to tax periods prior to the period underway as at 31 December 2012, for the years 2007 to 2011. The receivables for 2008 to 2011 were recorded under non-current assets, while the receivables for 2007 were included in the item **"current receivables from tax authorities".**

DEFERRED TAX ASSETS

The balance of item **"deferred tax assets"** amounts to 635,623 as at 31 December 2012, compared to Euro 669,360 as at 31 December 2011, and mainly refers to taxes on temporary changes as a result of applying tax regulations and IAS/IFRS and considered recoverable in subsequent financial years.

CURRENT ASSETS

TRADE RECEIVABLES AND OTHERS

Trade receivables

The item **"trade receivables"** rose from Euro 25,666,173 as at 31 December 2011 to Euro 32,075,978 as at 31 December 2012 and are carried under assets less Euro 1,647,555 as an adjustment for the risk of doubtful debts.

The table below provides details on the item:

Description	31/12/2012	31/12/2011	Variation
To Italian customers	30,491,596	23,676,698	6,814,898
To foreign customers	580,199	670,536	(90,337)
To public bodies	2,651,739	2,936,819	(285,080)
S-total receivables to customers	*33,723,534*	*27,284,053*	*6,439,481*
Less: provision for bad debts	(1,647,555)	(1,617,880)	(29,675)
Total receivables to customers	*32,075,979*	*25,666,173*	*6,409,806*

Details	31/12/2012	31/12/2011	Variazioni
To third parties	27,755,879	24,230,731	3,525,148
Invoices for issue to third parties	5,967,655	3,053,322	2,914,333
TOTAL	*33,723,534*	*27,284,053*	*6,439,481*

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
27,468,065	19,911,954	7,556,111	512,382	913,532	634,139	1,639,530	542,776	527,813	566,276	2,219,663
100.0%	72.5%	27.5%	1.9%	3.3%	2.3%	6.0%	2.0%	1.9%	2.1%	8.1%

Receivables from subsidiaries

The item **"receivables from subsidiaries"** as at 31 December 2012 amounted to Euro 14,613,835 compared to Euro 10,066,006 as at 31 December 2011.

The table below provides details on this item:

Description	31/12/2012	31/12/2011	Variation
Consorzio Exprivia	361		361
Datilog Srl	178,414	160,676	17,738
Exprivia Projects S.p.A.	356,284	77,944	278,340
Exprivia SL	38,460	30,000	8,460
Exprivia Solutions S.p.A.	3,287,642	2,016,841	1,270,801
GST Srl	250,523	58,106	192,417
Infaber Srl	27,522	89,287	(61,765)
ProSap	770,100	256,298	513,802
Realtech S.p.A.	25,513	5,160	20,353
SiSpa Srl	34,788	(12,346)	47,134
Spegea S. c. a.r.l.	180,130	157,918	22,212
Svimservice S.p.A.	139,027	970,246	(831,219)
WelNetwork S.p.A.	9,325,072	6,255,876	3,069,196
TOTAL	***14,613,835***	***10,066,006***	***4,547,829***

Receivables from subsidiaries are all regulated by framework agreements and mainly refer to charges for corporate and logistics services, in addition to special resources provided from one company to another, to financial receivables for loans and cash pooling and receivables deriving from the application of tax consolidation.

Receivables from associates

The balance of item **"receivables from associates"** as at 31 December 2012 amounted to Euro 140,271 and refers to receivables due from the associated company Traxall Srl.

Receivables from parent companies

As at 31 December 2012,**"receivables from parent companies"** amounted to Euro 437,446 compared to Euro 229,713 as at 31 December 2011. These mainly refer to amounts receivable for the contribution of Abaco Innovazione S.p.A. to Exprivia S.p.A. (Euro 179,142) and to an interest-bearing loan of Euro 200,000 regulated by an agreement, as described in the section "Relations with affiliates and associated companies" of the Consolidated Financial Statements.

Other receivables

As at 31 December 2012 the item **"other receivables"** amounted to Euro 8,166,773 compared to Euro 10,948,988 as at 31 December 2011.

The table below provides details on the item and respective changes:

Description	31/12/2012	31/12/2011	Variation
Advances on projects	8,196,840	9,321,319	(1,124,479)
Advances on contributions of projects completed	(2,529,374)		(2,529,374)
Advances to suppliers for services	5,277		5,277
Sundry credits	41,626	41,770	(144)
Receivables to factoring	131,761		131,761
Receivables to welfare institutes/INAIL	7,173	3,620	3,553
Guaranteed securities	26,547	31,427	(4,880)
Costs relating to future years	2,286,923	1,550,852	736,071
TOTAL	*8,166,773*	*10,948,988*	*(2,782,215)*

Receivables relating to **"government grants for research projects"** refer to government grants accrued on research projects at the reporting date, in relation 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 Bodies.

For concluded research projects awaiting final testing or final decrees, the advances received, amounting to Euro 2,529,374, were reclassified as a decrease in receivables.

Tax receivables

As at 31 December 2012 the item **"tax receivables"** amounted to Euro 316,692 compared to Euro 805,573 as at 31 December 2011. The table below provides a breakdown and a comparison with the previous year:

Description	31/12/2011	31/12/2011	Variation
Receivables to tax a/c - IRES	32,257	277,329	(245,072)
Tax authority w/holding taxes on interest income	38,125	37,325	800
Credits with tax authority	219,106	437,909	(218,803)
Art. 8 tax credits	17,670	53,010	(35,340)
TOTAL	*316,692*	*805,573*	*(488,881)*

Inventories

At 31 December 2012 the item **"inventories"** amounted to Euro 45,181 compared to Euro 60,912 as at 31 December 2011 and refers to medial-sector software and hardware purchased by the company for resale.

Work in progress contracts

As at 31 December 2012 the item **"work in progress contracts"** amounted to Euro 9,207,215 compared to Euro 17,373,067 as at 31 December 2011 and refers to the value of work in progress contracts according to contractual payments accrued. The change was mainly attributable to the conclusion of contracts which were invoiced during the year.

CASH AT BANK AND ON HAND

As at 31 December 2012 the item **"cash at bank and on hand"** amounted to Euro 1,973,348 compared to Euro 3,113,527 as at 31 December 2011 and refers to Euro 1,969,925 held at banks and Euro 3,423 in notes on hand.

SHAREHOLDERS' EQUITY

SHARE CAPITAL

"Share capital", fully paid up, amounted to Euro 26,979,658 and is represented by 51,883,958 ordinary shares at Euro 0.52 nominal value each. This is the same as at 31 December 2011.

TREASURY SHARES

As at 31 December 2012, **"treasury shares"**, amounted to Euro -494,012 compared to -46,508 as at 31 December 2011 and refer to the purchase/sale of treasury shares under the plan approved by the shareholders' meeting of 19 April 2012. The number of treasury shares amounts to 950,024.

SHARE PREMIUM RESERVE

As at 31 December 2012 the **"share premium reserve"** amounted to Euro 18,081,738 and is the same as at 31 December 2011.

REVALUATION RESERVE

As at 31 December 2012 the **"revaluation reserve"** amounted to Euro 2,907,138 and is the same as at 31 December 2011.

OTHER RESERVES

The balance of item **"other reserves"** amounts to Euro 12,582,424 compared to Euro 10,998,820 as at 31 December 2011 and pertains to:

- Euro 3,182,603 for the **"legal reserve"**, which rose by Euro 160,772 compared to 31 December 2011 after allocation of profit from the previous year, as resolved by the shareholders' meeting of 19 April 2012;
- Euro 1,636,092 for the **"extraordinary reserve"** compared to Euro 189,823 as at 31 December 2011. The change pertains to allocation of the 2011 profit, as resolved by the Exprivia S.p.A. shareholders' meeting of 19 April 2012.
- 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 82,846 to **"other reserves"** compared to Euro 106,283 as at 31 December 2011. The decrease of Euro 23,438 pertains to the share premium value resulting from transactions to purchase/sell treasury shares.
- Euro -236,486 **"IAS/IFRS tax effect reserve"** represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2011;
- Euro 12,593 **"available IAS/IFRS tax effect reserve"** represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2011.

NON-CURRENT LIABILITIES

NON-CURRENT PAYABLES TO BANKS

At 31 December 2012 the item **"non-current payables to banks"** amounted to Euro 7,870,032 compared to Euro 10,870,819 as at 31 December 2011, and pertains to medium-term borrowing (Euro 7,587,679) and a loan received (Euro 282,353) for a building owned by the company.

Financial institute	Type	Contractual amount	Amount distrib. at 31.12.12	Date of contract	Expiry date	Repay-ment date	Rate applied	Residual capital at 31.12.12	To be repaid in 12 mths	To be repaid beyond 12 mths
Banca Nazionale del Lavoro	Financing	18,000,000	18,000,000	30/11/07	30/11/15	semi-annual	Euribor 6 mesi + 1,7%	7,714,281	7,714,281	
Banca Nazionale del Lavoro	Mutual	2,400,000	2,400,000	15/10/04	30/09/14	semi-annual	Euribor 6 mesi + 1,2%	564,706	282,353	282,353
Banca Nazionale del Lavoro	Financing	950,000	950,000	24/06/11	30/06/14	semi-annual	Euribor 3 mesi + 1,5%	554,166	395,833	158,333
Deteuche Bank	Financing	1,500,000	1,500,000	23/06/08	23/06/13	quarterly	Euribor 3 mesi + 0,9%	281,250	281,250	-
Ministero dell'Università e della Ricerca	Financing	1,430,905	1,243,453	12/04/07	01/07/15	semi-annual	0.50%	483,000	192,456	290,544
Ministero dell'Università e della Ricerca	Financing	2,151,000	1,787,006	27/12/09	27/02/19	annual	0.87%	1,267,062	176,339	1,090,723
Antonveneta	Financing	5,000,000	5,000,000	04/05/10	10/05/17	montly	Euribor 3 mesi + 2,5%	3,589,706	767,069	2,822,637
Banco Napoli	Financing	2,000,000	2,000,000	20/05/11	20/05/16	montly	Euribor 1 mese + 3,70%	1,414,342	386,275	1,028,067
Credito Emiliano	Financing	1,000,000	1,000,000	04/04/11	04/04/14	montly	Euribor 3 mesi + 1,7%	454,432	338,903	115,529
Emilia Romagna Factor	Financing	3,500,000	3,500,000	22/07/11	31/12/14	montly	Euribor 3 mesi + 2,75%	2,236,112	1,069,445	1,166,667
IBM Italia Servizi Finanziari	Financing	306,856	306,856	01/05/12	01/02/17	quarterly	9.66%	263,245	52,995	210,250
IBM Italia Servizi Finanziari	Financing	187,429	187,429	01/05/12	01/02/14	quarterly	8.37%	118,209	93,639	24,570
Banca Popolare di Milano	Financing	2,000,000	2,000,000	16/12/12	30/06/13	montly	Euribor 3 mesi + 4%	2,000,000	2,000,000	
ICCREA Banca Impresa	Financing	2,000,000	2,000,000	17/012/12	16/06/14	montly	Euribor 3 mesi + 3,80%	2,000,000	1,319,640	680,360
TOTAL								*22,940,511*	*15,070,478*	*7,870,033*

For further information see the **""Explanatory notes for the Consolidated Financial Statements"** under the item "**non-current payables to banks"**.

OTHER FINANCIAL LIABILITIES

Payables to subsidiaries

The item **"payables to subsidiaries"** amounted to Euro 652,236 as at 31 December 2012, compared to Euro 50,000 in 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 for Euro 50,000 and to the tax receivable deriving from the application for refund of IRAP tax on IRES tax for 602,236, which, as a result of tax consolidation, is assigned to the holding company.

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"**, amounting to Euro 191,085 compared to Euro 262,105 as at 31 December 2011, refers to the instalment amounts payable to public entities after the financial year.

Payables for equity investments

The item **"payables for equity investments"** amounted to Euro 1,740,396 as at 31 December 2012 compared to Euro 1,957,996 as at 31 December 2011. It refers to Euro 217,600 for the acquisition of 51.12% of Prosap to be paid in future reporting periods and Euro 1,522,796 for the earn out expected to be payable to the sellers of Prosap once the targets set at acquisition are reached.

Trade payables after the financial year

The item **"trade payables after the financial year"**, amounted to Euro 535,521 compared to Euro 247,617 as at 31 December 2011 and refers to the amounts payable to leasing companies but pertaining to future reporting periods.

PROVISION FOR RISKS AND CHARGES

Other provisions

The item **"other provisions"** as at 31 December 2012 amounted to Euro 1,439,247 compared to Euro 1,313,703 as at 31 December 2011.

Description	31/12/2012	31/12/2011	Variation
Fund for tax litigation risks	688,650	754,370	(65,720)
Fund for staff related risks	52,507	22,507	30,000
Risk provisions on work in progress	200,000		200,000
Fund for contribution related risks	482,215	520,951	(38,736)
Fund for tax bill related risks	15,875	15,875	-
TOTAL	*1,439,247*	*1,313,703*	*125,544*

The provision for Euro 688,650 refers to the **"provision for tax dispute risks".** It was allocated for the report on findings issued by the Tax Police on 18 December 2007, which stated that illicit deductions had been made following the write-down applied in 2002 for investments in Infusion Spa and AISoftw@re Technologies & Solutions. The report on findings 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 appeals were rejected.

Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same report on findings 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 held on 7 May 2012. To date there is no news on its outcome. On the basis of the opinions of the attorneys hired to handle the dispute, the allocation to the financial statements is deemed suitable.

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 Tax Police report on findings 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23 February 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 52,507 to the **"provision for staff risks"** refers amounts set aside for current disputes with former employees.

The provision for Euro 200,000 refers to the **"provision for work in progress risks"**, allocated to reflect the best current estimate of work in progress:

The allocation of Euro 482,215 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.

EMPLOYEE PROVISIONS

Employee severance indemnities

The item **"employee severance indemnities"** at 31 December 2012 amounted to Euro 3,224,046 compared to Euro 3,211,066 at 31 December 2011.

Description	31/12/2012	31/12/2011	Variation
Begining balance	3,211,066	3,329,384	(118,318)
Use of the period	(350,051)	(116,357)	(233,694)
Transfer to Treasury fund Social Security and Pension Funds	(1,482,429)	(1,420,980)	(61,449)
Provision for the year	1,845,460	1,419,019	426,441
Total at the end of the period	***3,224,046***	***3,211,066***	***12,980***

Employee severance indemnities were recalculated using the actuarial financial method provided by IAS 19.

It should be noted that the provision for the financial period, amounting to Euro 1,922,377, includes Euro 146,485 relating to the financial component due to the application of discount rates (interest cost) and Euro 43,729 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

As at 31 December 2012 the item **"provisions for deferred taxes"** amounted to Euro 914,140 compared to Euro 952,795 as at 31 December 2011 and refers to allocations for temporary changes as a result of applying IFRS.

CURRENT LIABILITIES

CURRENT BANK DEBT

As at 31 December 2012 the item **"current bank debt"** amounted to Euro 28,534,386 compared to Euro 28,462,560 as at 31 December 2011. Euro 15,070,477 refers to the current amount of loans (previously described under item **"non-current bank debt"**) and Euro 13,463,909 refers to current account overdrafts at major credit institutions for current operations.

TRADE PAYABLES

The item **"trade payables"** as at 31 December 2012 amounted to Euro 13,230,403 compared to Euro 13,553,671 as at 31 December 2011.

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	more
10,979,902	5,638,647	5,341,255	222,012	1,184,652	315,585	583,349	767,893	933,195	518,617	815,953
100.0%	51.4%	48.6%	2.0%	10.8%	2.9%	5.3%	7.0%	8.5%	4.7%	7.4%

ADVANCE PAYMENT ON WORK IN PROGRESS CONTRACTS

Advances

This item amounted to Euro 2,257,661 compared to Euro 2,738,724 as at 31 December 2011 and refers to advance payments received from customers for work in progress contracts.

OTHER FINANCIAL LIABILITIES

Payables to Subsidiaries

"Payables to subsidiaries" amounted to Euro 16,265,465 compared to Euro 8,895,205 as at 31 December 2011 and refer 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	31/12/2012	31/12/2011	Variation
GST S.r.l.	143,103	97,846	45,257
Exprivia Projects S.p.A.	3,418,867	2,437,499	981,368
Exprivia Solutions S.p.A.	873,738	497,149	376,589
Infaber S.r.l.	392,411	300,000	92,411
Swimservice S.p.A.	1,018,266	43,410	974,856
Realtech S.p.A.	1,362,935	1,017,524	345,411
SiSpa Srl	2,030,711	1,914,809	115,902
Wel.Network S.p.A.	6,936,103	2,518,834	4,417,269
Spegea S.c. a r.l.		17,767	(17,767)
ProSap		41,315	(41,315)
Datilog Srl	89,329	9,052	80,277
TOTAL	*16,265,465*	*8,895,205*	*7,370,260*

Payables to associated companies

The item **"payables to associated companies"** amounted to Euro 38,115 compared to Euro 9,941 at 31 December 2011 and refers to amounts payable to Traxall Srl for technical consultancy.

Amounts payable to others

The item **"amounts payable to others"** amounted to Euro 1,644,744 compared to Euro 6,979,689 as at 31 December 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Derived products	133,936	164,827	(30,891)
Advances on projects	1,510,808	3,516,152	(2,005,345)
Unicredit Factoring		3,298,710	(3,298,710)
TOTAL	*1,644,744*	*6,979,689*	*(5,334,946)*

In relation to the item **"advances on projects",** different to the previous year, advances received for concluded research projects awaiting final testing or final decrees, were reclassified as a decrease in "receivables on projects", while advances for ongoing projects remained in this item.

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

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	2
B.N.L.	30/11/2008	30/11/2015	IRS	3,841,500	(133,938)
TOTAL					*(133,936)*

TAX LIABILITIES

The item **"tax liabilities"** amounted to Euro 5,417,262 compared to Euro 2,545,391 as at 31 December 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Payables to tax authority for VAT	2,446,232	1,184,757	1,261,475
Payables to tax authority for IRAP	761,810	10,688	751,122
Payables to tax authority for IRES	426,352		426,352
Payables to tax authority for IRPEF employees	1,449,367	814,356	635,011
Payables to tax authority	45,235	322,109	(276,874)
Payables to tax authority for interest and penalties	288,266	213,481	74,785
TOTAL	*5,417,262*	*2,545,391*	*2,871,871*

OTHER CURRENT LIABILITIES

AMOUNTS PAYABLE TO PENSION AND SOCIAL SECURITY INSTITUTIONS

The item **"payables to pension institutions** "amounted to Euro 2,446,443 compared to Euro 2,207,192 as at 31 December 2011. The table below shows the breakdown and movement in 2012 as well as a comparison with the previous year.

Description	31/12/2012	31/12/2011	Variation
INPS with contributions	1,612,542	1,494,796	117,746
Payables to pension funds	54,023	45,600	8,423
PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI	74,441	59,877	14,564
Contributions on accrued holiday pay and year-end bonus	670,981	585,532	85,449
INAIL with contributions	34,457	21,387	13,070
TOTAL	*2,446,443*	*2,207,192*	*239,251*

Other payables

The item **"other payables"** amounted to Euro 9,135,654 compared to Euro 10,486,402 as at 31 December 2011.

The table below provides details on the items:

Description	31/12/2012	31/12/2011	Variation
Directors' pay for settlement	39,170	43,785	(4,615)
Employees/Collaborators for fees accrued	2,224,712	2,130,185	94,527
Debts to purchase shareholdings	234,850	1,172,205	(937,355)
Accrued holidays, festivities, summer & yr-end bonuses	2,282,250	2,007,217	275,033
Payables to associations	9,823	6,695	3,128
Sundry payables	20,968	91,178	(70,210)
Interests and other costs	271,153	239,492	31,661
Competence Contributions in future years	4,052,728	4,795,645	(742,917)
TOTAL	*9,135,654*	*10,486,402*	*(1,350,748)*

The item "payables for equity investments" refers to the payment of the consideration due for the investments in Realtech S.p.A., SiSpa Srl, Exprivia do Brasil Serviços de Informatica and Infaber Srl.

INFORMATION ON THE CASH FLOW STATEMENT

The **net financial position** as at 31 December 2012 was Euro -34.4 million, compared to Euro -36.2 million as at 31 December 2011.
The change of Euro +1.8 million is mainly due to the following factors:

- Euro +8.8 million for positive cash flow from current assets and the management of net working capital.
- Euro -7.0 million to the cash flow used for investments and for distribution of the 2011 dividend to shareholders

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INFORMATION ON THE INCOME STATEMENT

Details are provided below on the entries making up the costs and revenues 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 REVENUES

REVENUE FROM SALES AND SERVICES

In 2012 **"revenue from sales and services"** amounted to Euro 75,097,606 compared to Euro 52,675,670 in 2011.

The table below provides details on the items:

Description	31/12/2012	31/12/2011	Variation
Hardware and plants	3,662,793	3,080,599	582,194
Licences, software and products	3,297,687	3,138,740	158,947
Project development	54,805,677	41,120,900	13,684,778
Maintenance	12,032,992	4,452,203	7,580,789
Services	1,298,457	883,228	415,229
TOTAL	*75,097,606*	*52,675,670*	*22,421,936*

OTHER INCOME

Other revenues and income

In 2012 the item **"other revenues and income"** amounted to Euro 572,636 compared to Euro 990,374 in 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Contingency assets	47,770	524,413	(476,643)
Rental income	330,520	310,584	19,936
Pay in lieu of notice		10,581	(10,581)
Income from assignment of vehicles to staff	64,349	47,758	16,591
Income from staff on secondment	74,971	76,573	(1,602)
Other revenue	55,026	20,465	34,561
TOTAL	*572,636*	*990,374*	*(417,738)*

Grants related to income

In 2012 the item **"grants related to income"** amounted to Euro 883,929 compared to Euro 894,132 in 2011 and refer to grants and tax breaks pertaining to the period or authorised in the period for research projects.

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Change in inventories of finished goods

The item **"change in finished goods"** amounted to Euro -15,731 compared to Euro -46,923 in 2011 and refers to products in the healthcare and medical business line.

Fluctuation in work in progress contracts

The item **"change in work in progress contracts"** amounted to Euro -7,695,852 compared to Euro 7,648,731 in 2011 and refers to work in progress contracts pertaining to the reporting period. The change was mainly attributable to the conclusion of contracts which were invoiced during the year.

Increases in fixed assets for internal work

The item **"increases in fixed assets for internal work",** for multi-year investments projects amounted to amounted to Euro 1,309,609 compared to Euro 1,335,548 in 2011 and refers to expenses incurred in the period to develop products for the banking (Euro 307,301) and medical sectors (Euro 1,002,307).

PRODUCTION COSTS

RAW MATERIALS AND CONSUMABLES USED

In 2012 costs for **"raw materials and consumables used"** amounted to Euro 4,146,637 compared to Euro 4,568,641 in the previous year. The table below provides details on the items:

Description	31/12/2012	31/12/2011	Variation
Purchase of HW-SW products	1,823,315	2,147,142	(323,827)
Purchase of HW-SW maintenance	1,875,634	1,179,365	696,269
Stationery and consumables	35,961	34,563	1,398
Fuel and oil	147,584	105,109	42,475
Purchase of sundries	27,868	17,973	9,895
Purchase of parents company	97,835	64,962	32,873
Warranty services on our customers activities	138,441	1,019,527	(881,086)
TOTAL	***4,146,637***	***4,568,641***	***(422,004)***

COSTS RELATED TO EMPLOYEE BENEFITS

The item **"costs related to employee benefits"** amounted to Euro 38,491,849 compared to Euro 32,906,438 in 2011 and refers to Euro 28,355,499 for salaries, Euro 7,683,339 social security charges, Euro 1,922,377 for employee severance indemnities, and Euro 530,634 for other staff costs.

The number of employees as at 31 December 2012 amounted to 820 workers, 750 of which employees and 70 temporary workers, compared to 789 (736 employees and 53 temporary workers) as at 31 December 2011.

The average staff in 2012 totalled 820 workers, compared to an average of 716 workers in 2011.

OTHER COSTS

Other costs for services

In 2012 the item **"other costs for services"** amounted to Euro 22,257,109 compared to Euro 21,126,753 in 2011 and can be analysed as follows:

Description	31/12/2012	31/12/2011	Variation
Technical and commercial consultancy	6,175,311	6,958,947	(783,636)
Administrative/company/legal consultancy	696,095	896,313	(200,218)
Consultancy to associated companies	10,870,023	8,837,955	2,032,068
Auditors' fees	145,551	138,524	7,027
Travel and transfer expenses	2,081,643	2,151,102	(69,459)
Other staff costs	127,367	171,589	(44,222)
Utilities	731,933	648,428	83,505
Advertising and agency expenses	508,040	313,664	194,376
HW and SW maintenance	52,267	45,710	6,557
Insurance	196,289	185,251	11,038
Other costs	672,590	779,270	(106,680)
TOTAL	*22,257,109*	*21,126,753*	*1,130,356*

As per the requirements of CONSOB resolution no. 11520 of 1 July 1998, the table below illustrates the remuneration for holding company Directors and Statutory Auditors for their role in companies included in the consolidation area. For further details, the “Remuneration Report” attached to these Financial Statements should be referred to.

First and Last Name	Office	Fixed Fees	Other fees
Favuzzi Domenico	Chairman, Chief Executive Officer, Director, Executive Director responsible for overseeing the functioning of the internal control system	340,000	-
Roggero Pierfilippo	Executive Director and Chief Executive Officer	220,000	30,921
Altomare Dante	Executive Vice President, Director, Director, Division of Public Mecati	100,385	12,218
Laterza Alessandro	Independent Director, Chairman of Audit Committee, Member of Remuneration Committee	24,000	-
Paolucci Umberto	Independent Director	667	-
De Porcellinis Giorgio	Independent Director, Presidemtne of the Remuneration Committee, Member of Audit Committee	19,000	-
Di Paola Giancarlo	Executive Director	64,000	3,257
Forneris Marco	Executive Director, Head of Corporate Development Strategies Merge & Acquisition	36,000	24,000
Daloiso Rosa	Non-executive Director - Internal Auditor - Quality Manager and Infrastructure Services	53,825	1,777
Savelli Valeria	Non-executive Director, a member of the Remuneration and Audit Committees - Head of Accounts Receivable	49,743	2,225
De Palma Angelantonio	Chairman of the Supervisory Ex LEG. 231/200	-	5,200
Guarino Giulio	Component Supervisory Ex LEG. 231/2001	12,480	2,600
Guaglielmi Cecilia	Component Supervisory Ex LEG. 231/2001, Head of Group Legal Exprivia	45,125	2,655
Beltrami Renato	Chairman of the Board	139,052	
Samarelli Gaetano	Auditor	78,354	
Pellecchia Ignazio	Auditor	68,827	

Costs for leased assets

The item **"costs for leased assets"** amounted to Euro 2,392,322 compared to Euro 1,658,846 in the previous year and is broken down in the table below:

Description	31/12/2012	31/12/2011	Variation
Rental expenses	611,718	551,175	60,543
Car rental/leasing	488,902	403,043	85,859
Rental of other assets	1,285,097	681,367	603,730
Royalties	6,606	23,261	(16,655)
TOTAL	*2,392,322*	*1,658,846*	*733,476*

Sundry operating expenses

In 2012 **"sundry operating expenses"** amounted to Euro 540,605 compared to Euro 506,498 the previous year and is broken down in the table below:

Description	31/12/2012	31/12/2011	Variation
Annual subscriptions	61,870	79,426	(17,556)
Taxes	101,605	85,850	15,755
Penalties and fines	99,923	40,617	59,306
Charitable donations	11,930	13,660	(1,730)
Contingency liabilities	9,845	104,191	(94,346)
Bank charges and commissions	245,828	151,052	94,776
Sundry expenses	9,603	31,702	(22,099)
TOTAL	*540,605*	*506,498*	*34,107*

PROVISIONS

"Provisions" amounted to Euro 103,072 compared to Euro 214,392 in the previous year and are broken down in the table below:

Description	31/12/2012	31/12/2011	Variation
Provision for inventory devaluation risk / work in progress	-	2,226	(2,226)
Provision for risk lawsuits by employees	30,000	-	30,000
Provision for risk testing research project	73,072	212,166	(139,094)
TOTAL	*103,072*	*214,392*	*(111,320)*

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

The item **"amortisation, depreciation and write-downs "** amounted to Euro 3,662,517 compared to Euro 2,072,162 in 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 2011.

Description	31/12/2012	31/12/2011	Variation
Amortisation intangible assets	1,676,643	1,468,421	208,222
Amortisation tangible assets	606,198	544,292	61,906
Provision for bad debts	699,676	59,449	640,227
Other Assets write-downs	680,000	-	680,000
TOTAL	*3,662,517*	*2,072,162*	*1,590,355*

Amortisation of intangible assets amounted to Euro 1,676,643 and is detailed in the section on intangible assets in these explanatory notes.

Depreciation of tangible assets amounted to Euro 606,198 and is detailed in the section on tangible assets in these explanatory notes.

The provision for bad debts amounted to Euro 699,676 and refers to receivables considered as uncollectible.

Other write-downs, amounting to Euro 680,000, relate to financial fixed assets (see the information under item "Investments in Other Companies").

FINANCIAL INCOME AND CHARGES

Income from equity investments

The item **"income from equity investments"** amounted to Euro 5,873,480 compared to Euro 4,994,522 in the previous year and refers to the distribution of dividends, pertaining to the management of Exprivia S.p.A. but distributed by the Svimservice S.p.A. (Euro 4,000,237), Sis.Pa Srl (Euro 1,185,747) and Exprivia Solutions S.p.A. (Euro 687,497).

Income from subsidiaries

The item **"income from subsidiaries"** amounted to Euro 150,104 compared to Euro 82,304 in 2011 and refers to interest accrued by on cash pooling relationships in place with the subsidiaries Exprivia S.p.A. and Exprivia Solutions S.p.A. and interest on the medium/long-term loan between the subsidiaries and Prosap SL.

Income from parent companies

"Income from parent companies" amounted to Euro 594 and related to loans in place with the parent company Abaco Innovazione S.p.A.

Other income other than the above

The item **"income other than the above"** amounted to Euro 10,792 compared to Euro 298,726 in 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Bank interest receivable	8,731	10,922	(2,191)
Revenues from financial derivatives		271,616	(271,616)
Interest income from securities	131		131
Rounding up of assets	1,929	16,188	(14,259)
TOTAL	*10,792*	*298,726*	*(287,934)*

Interest and other financial charges

The item **"interest and other financial charges"** amounted to Euro 2,047,613 compared to Euro 1,798,631 in 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
Bank interest payable	1,088,384	718,338	370,046
Interest on loans and mortgages	800,597	828,929	(28,332)
Sundry interest	57,709	96,024	(38,315)
Charges on financial products and sundry items	95,621	130,884	(35,263)
Substitute tax on loans	5,301	24,456	(19,155)
TOTAL	*2,047,613*	*1,798,631*	*248,982*

Financial charges to subsidiaries

"Financial charges to subsidiaries" amounted to Euro 87,362 compared to Euro 13,481 and mainly refer to interest for cash pooling with the subsidiaries Sis.Pa Srl and Svimservice S.p.A.

Profit and loss on currency exchange

The item **"profit/loss on currency exchange"** amounted to Euro 7,574 compared to Euro 1,711 in 2011 and refers to profit on currency exchange.

INCOME TAXES FOR THE YEAR

"income taxes for the year" amounted to Euro -138,370 compared to Euro 793,509 in 2011. The table below provides details on the items.

Description	31/12/2012	31/12/2011	Variation
IRES	(377,219)	(232,594)	(144,625)
IRAP	1,176,676	1,104,007	72,669
Deferred taxes	(38,655)	(53,530)	14,875
Taxes paid in advance	33,737	229,570	(195,833)
Prior year taxes	(932,909)	(253,943)	(678,966)
TOTAL	*(138,370)*	*793,509*	*(931,880)*

The item "Taxes of previous years" includes the benefit deriving from the IRAP refund on IRES, as described under "tax receivables".

The table below shows the reconciliation between theoretical IRES charges reported in the financial statements and the actual tax charges:

Description	Amount	Tax
Profit before taxes	2,465,653	
Set Theory	***27.5%***	***678,055***
Changes in net tax	(3,837,358)	(1,055,273)
Set Theory	**(1,371,705)**	
Income Tax		**(377,219)**
IRES OF THE YEAR		*(377,219)*

The net tax change of Euro 3,837,358 is mainly composed of the non-taxable amount of dividends received by the company.

PROFIT (LOSS) FOR THE YEAR

The income statement closed with a profit (after tax) of Euro 2,604,023.32 and is confirmed in the balance sheet as well.

These financial statements, which comprise the balance sheet, income statement, statement of comprehensive income, shareholders' equity, 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 profit for the year, 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 2,604,023.32 be distributed as follows:

- Euro 130,201.17 to the "Legal Reserve"
- Euro 2,473,822.15 to the "Extraordinary Reserve", in order to form an extraordinary reserve totalling Euro 4,109,913.70
- allocate the amount of Euro 3,846,124.00 within the extraordinary reserve to a specific shareholders' equity reserve called the "Puglia Digitale Project Reserve" for the entire duration of the program

Molfetta, 12 March 2013

Statement for the Financial Statements pursuant to Art. 154 of Italian Legislative Decree 58/98

The undersigned Domenico Favuzzi, CEO, and Giovanni Sebastiano, Executive manager 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 as at 31 December 2012.

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, 12 March 2013

Chairman and Chief Executive Officer

(Mr. Domenico Favuzzi)

Executive Manager responsible for Preparing the Corporate Accounts

(Mr. Gianni Sebastiano)

EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE STATUTORY
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2012
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N.39 OF JANUARY 27, 2010

Revisione e
organizzazione contabile

AUDITOR'S REPORT
ON THE STATUTORY FINANCIAL STETEMENTS
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, 2012, 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.

   The financial statements present for comparative purposes prior year data. As explained in the notes to the financial statements, the Directors have re-presented comparative figures related to the prior year's financial statements with respect to the data previously reported and audited by us, on which we issued an auditor's report dated 28 March, 2012. These changes in comparative figures and related disclosures included in the notes to the financial statements have been audited by us for the purpose of expressing our opinion on the financial statements as of and for the year ended 31 December, 2012.

3. In our opinion, the statutory financial statements of Exprivia S.p.A. as of and for the year ended December 31, 2012 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.

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4. 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, 2012.

Bari, Italy March 26, 2013

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 STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF EXPRIVIA S.P.A. ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012 IN ACCORDANCE WITH ART. 153 OF LEGISLATIVE DECREE 58/98

Dear Shareholders,

With this report, the Board of Statutory Auditors provides information on the supervisory activities performed and on all other matters required of the Board by Legislative Decree no. 58 of 24 February 1998 and Art. 2429 of the Italian Civil Code, also making reference to CONSOB Communication no. DEM/1025564 of 6 April 2001 (whose outline this report follows). The supervisory activities related to both ordinary operations and non-recurring operations, and was performed with reference to the Principles of Conduct for Boards of Statutory Auditors approved by the Italian National Council of Chartered Accountants and Accounting Experts.

All of our actions were recorded in the minutes of the 9 board meetings held during the year 2012.

The financial statements of the Company for the year ended as at 31 December 2012 show profit for the year of Euro 2,604,023, and were disclosed to the Board of Statutory Auditors along with the Directors' Report within the terms of law.

The Board of Statutory Auditors verified compliance with the rules of law applied in the formation of the financial statements, through its own checks and using information provided by the Independent Auditors.

Our work was primarily focused on supervising compliance with the law, the memorandum of incorporation and the articles of association, as well as the principles of correct management.

Firstly, we invited the Board of Directors and, specifically, the "Executive Manager" responsible for Preparing the Corporate Accounts for the Financial Statements to take into due consideration the joint document of the Bank of Italy/Consob/ISVAP no.4 of 3 March 2010 in reference "*to information to be provided in the financial reports (Annual and Interim Financial Statements) on impairment testing of assets, contractual clauses of payables and on the 'Fair Value Hierarchy'*" .

1. The transactions of greatest economic, financial and capital significance completed by Exprivia SpA during the financial year 2012 were regularly and fully reported to the Board of Statutory Auditors by the Directors. Those transactions are more analytically described in the Directors' Report drawn up by the Directors, to which reference is made for further details.

   In the opinion of the Board the transactions executed comply with the law and the memorandum of incorporation, are in the interests of the Company, are not manifestly imprudent or reckless, nor are they in contrast with the resolutions taken by the

Shareholders' Meeting or the Board of Directors.

2. Extraordinary transactions are described in detail in the Directors' Report. Specifically, we note that:
    a) On **2 February 2012** Exprivia SpA concluded a binding agreement to acquire Visiant do Brasil Serviços de Informatica Ltda, today Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions.
    b) The share capital of Datilog Srl totalling Euro 10,400.00 was re-established on **24 April 2012.** Exprivia SpA subscribed and paid up 76% of this share capital for Euro 7,904.00.
    c) On **15 June 2012** Exprivia do Brasil Serviços de Informatica Ltda resolved a face value capital increase for the minority shareholder, for 3% of the share capital. Thus, Exprivia SpA's stake decreased from 100% to 97%.
    d) On **21 June 2012**, Exprivia SpA completed its acquisition of 40% of the shares in Infaber Srl held by its minority shareholder. The acquisition of these shares raises Exprivia's controlling stake in Infaber Srl from 60.00% to 100%.
    e) On **6 September 2012** Exprivia Spa and the 100% owned Group companies established the "Consorzio Exprivia Scarl" to facilitate the participation of the Exprivia Group in public tenders. Exprivia controls 55% of the share capital and the remaining 45% is represented by other Group Companies.

    Board of Statutory Auditors, liaising in this regard with the Independent Auditors, has not found any anomalies with reference to atypical and/or unusual transactions with third parties or affiliate parties, or inter-company 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 Directors' Report, in the sections "Inter-Company relations" and "Relations with Affiliates and Associated Companies"

    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").

    On 26 October 2012, Exprivia SpA disbursed an interest-bearing loan of Euro 200,000.00 to its parent company Abaco Innovazione SpA. The amount of this transaction is immaterial pursuant to the aforementioned procedure, because it falls within the maximum limit for such transactions of Euro 250,000.00.

3. The Board believes that the disclosure provided in the Report on Operations prepared by the directors in relation to inter-company transactions and transactions with affiliates is

appropriate, as well as explaining the company's interest in completing those transactions.
With reference to the introduction of the International Accounting Standards, shareholders should note 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. The Provision for Tax Dispute Risk, amounting to Euro 688,650, is deemed appropriate by the Board of Directors as a result of the judgments to cancel the notices of assessment by the Provincial Tax Commission, now being examined by the court of second instance. For the notices of assessment from the Inland Revenue Agency of Bari for 2005 (IRAP and IRES) and 2006 (IRES) the Provincial Tax Commission of Bari has not yet issued any decision following the hearing of 7 May 2012.

5. There are no statements, complaints or grievances of which the Board of Statutory Auditors has become aware.

6. During the year, Exprivia SpA did not grant any assignments to parties connected to the Independent Auditors PKF Italia SpA with permanent work relationships.

7. The Board of Statutory Auditors has expressed its favourable opinion on the adequacy of the remuneration due to Directors holding particular offices.
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 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 12 March 2013, at the proposal of the Remuneration Committee, after its meeting held on 11 March 2013, defined a general policy for the remuneration of executive directors, other directors holding particular positions and executives with strategic responsibilities. The directors will submit to the next Shareholders' Meeting called to approve the 2012 Financial Statements, a "remuneration report" which describes that policy.

8. During 2012 the Board of Statutory Auditors met 9 times. The auditors also participated in 8 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 2 meetings of the Internal Audit Committee and 4 meetings of the Remuneration Committee.
No Executive Committee was appointed.

9. The Board of Statutory Auditors has acknowledged and supervised, as far as the extent of its own responsibility, 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 Statutory Auditors has also acknowledged and supervised, as far as the extent of its own responsibility, the appropriateness of the organisational structure of the Company and the corporate organisation chart.

    On 1 January 2013 a new top level organisational structure of the Exprivia Group became operational for the which made changes to the organisational structure implemented on 1 June 2012.

    a) The Administration, Finance and Control Department was assigned to the new CFO, Gianni Sebastiano from the second half of 2012. The CFO reports directly to the Chairman Domenico Favuzzi.

    b) The Human Resources Department was temporarily assigned to the Chairman Domenico Favuzzi.

    c) The Internal Audit, Mergers & Acquisitions, Corporate Affairs and International Business Departments report to the Chairman Domenico Favuzzi.

11. The supervisory activity of the Board also related to the appropriateness of the internal audit system. In this regard, we conducted our activities with the assistance 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. The Board of Directors, with the favourable opinion of the Board of Statutory Auditors, assigned the Internal Audit function to the Non-Executive Director Valeria Savelli, by way of resolution dated 12 March 2013.

    The current assignment of Non-Executive Director Rosa Daloiso as Quality, Process and IT System Manager was confirmed.

12. Quality certification: During the year, Exprivia renewed its ISO 9001/2008 certification, ISO 13485 certification and CE marking class 11b.

    In November 2012 it obtained ISO/IEC 27001 certification.

13. During the year, the Security Planning Document pursuant to Legislative Decree 81/2008 was updated in accordance with the provisions issued in February 2012 through the Monti Decree. Furthermore, an Information Security Management System was implemented, with ISO/IEC 27001 Certification.

14. The administrative/accounting system is suitable and reliable in terms of accurately representing operational events. Specifically, in 2012 all the companies were integrated into the holding company's IT system, thus standardising procedures, with the exception of: GST Srl, Exprivia SL (Spain), Spegea Scarl, Sis.Pa. Srl, Realtech SpA and ProSap SL.

    The IT system supporting human resources management is adequate, and its extension to the other Group companies was completed in January 2013, with the exception of

Realtech SpA, GST and the international subsidiaries.

15. Exprivia SpA has imparted to its subsidiaries 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" pursuant to Italian Legislative Decree 231/2001 and has established a supervisory body in line with the Code of Ethics of Exprivia SpA.

    In 2012 the Board verified that the Supervisory Body performed its control activities and pursued the changes required in several areas by regulations, specifically regarding the inclusion of Special Part E concerning new offences envisaged by law.

17. Exprivia SpA regularly performs its "management" function pursuant to Art. 2497 *et. seq.* of the Italian Civil Code.

18. The management function pursuant to Art. 2497 *et. seq.* of the Italian Civil Code is performed by the parent company Abaco Innovazione Spa, with head office in Viale Olivetti 11/A, Molfetta (BA), Italy. No conduct worthy of censure was identified.

19. On 12 March 2013 the Board of Directors approved the Draft Financial Statements of Exprivia SpA as at 31 December 2012. Outstanding shares of nominal value of Euro 0.52 each totalled 51,883,958 for corresponding share capital of Euro 26,979,658.16.

    Thus, as at 31 December 2012, share capital was divided as follows:

    - 3 shareholders with investments greater than 2%, with 28,838,035 shares representing 55.58% of share capital
    - 950,024 treasury shares, equal to 1.83% of share capital
    - 22,095,899 floating shares, equal to 42.59% of share capital

20. With the Independent Auditors PKF we have verified that the valuations of asset are consistent with the values shown in the Financial Statements.

21. At the Board of Directors' meeting of 12 March 2013, 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. Specifically:

- The Board of Directors' meeting of 12 March 2013, with a resolution approved by the Board of Statutory Auditors pursuant to Art. 2386, paragraph 1 of the Italian Civil Code, co-opted Prof. Vito Albino (Independent Director) as the tenth director.

  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 women. 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 Articles 2 and 3 of the Corporate Governance Code.
- The Board of Directors has established:
  - The Remuneration Committee consisting of 3 independent members of the Board of Directors, in which the Chairman of the Board of Statutory Auditors participates.
  - The Internal Control Committee, in charge of assessing the operation of the internal control system The Remuneration Committee consisting of 3 independent members of the Board of Directors, in which the Chairman of the Board of Statutory Auditors participates.

23. The supervisory activity performed by the Board of Statutory Auditors has not highlighted any omissions, wrongful acts or irregularities worthy of note to the shareholders and supervisory bodies.

24. On 20 March 2013, the Board of Statutory Auditors, on request of the Chairman of the company's Board of Directors expressed its favourable opinion on the proposal of the Board of Directors to "authorise the purchase and disposal of treasury shares pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, through revocation of the resolution passed by the Shareholders' Meeting of 19 April 2012".

25. At the next shareholders' meeting of 18 April (first call) and 19 April (second call) 2013 the independent director Prof Vito Albino must be reconfirmed.

26. On 12 March 2013 the Board of Directors resolved to change the Company's Organisational Chart to simplify the 100% owned subsidiaries, through mergers or amendments to the articles of association, in order to achieve economies of scale and savings in operating costs.

27. The Board of Statutory Auditors acknowledges acknowledging the judgement expressed by the Independent Auditors PKF Italia Spa in their Report dated 26 March 2013, in accordance with Articles 14 and 16 of Italian Legislative Decree no 39/2010, according to which the financial statements "as at 31 December 2012 are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as with the measures issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005. They are therefore drafted clearly and provide a true and fair view of the capital and financial situation, the operating result, and the cash flows of Exprivia S.p.A. for the financial year ending at that date".

In conclusion, the Board of Statutory Auditors of Exprivia S.p.A. proposes that the draft financial statements for the Company at 31 December 2012 be approved as prepared by the Board of Directors and has no objections to raise regarding the proposed allocation of profit for the year.

Milan, 27 March 2013

For the Board of Statutory Auditors

Renato Beltrami

Chairman