# Annual Report
# as at 31 December 2013

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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 shown in the Financial Statements referring to 31 December 2013 and 31 December 2012.

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Total production revenues | 131,226,301 | 132,488,003 |
| net proceeds and variation to work in progress to order | 126,601,062 | 128,986,593 |
| increase to assets for internal work | 1,652,966 | 1,869,045 |
| other proceeds and contributions | 2,972,273 | 1,632,365 |
| Difference between costs and production proceeds (EBITDA) | 13,072,941 | 12,409,926 |
| % on production proceeds | 10.0% | 9.4% |
| Net operating result (EBIT) | 8,704,694 | 7,242,091 |
| % on production proceeds | 6.6% | 5.5% |
| Net result | 2,855,879 | 2,424,481 |
| Group net equity | 69,287,299 | 67,180,603 |
| Total assets | 184,925,468 | 187,120,765 |
| Capital stock | 26,979,658 | 26,979,658 |
| Net working capital **(1)** | 30,846,336 | 36,625,594 |
| Cash flow **(2)** | 12,262,489 | 5,833,084 |
| Fixed capital **(3)** | 91,678,248 | 90,324,982 |
| Investment | 4,874,278 | 4,048,426 |
| Cash resources/bonds **(*a*)** | 7,249,547 | 5,343,335 |
| Short-term financial debts **(*b*)** | (36,120,716) | (39,824,155) |
| Medium-/long-term financial debts **(*c*)** | (8,531,974) | (9,551,977) |
| Net financial position **(4)** | (37,403,143) | (44,032,797) |

**(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 and write-downs

**(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 Group referring to 31 December 2013, compared with the same period of the previous year.

| Exprivia Group | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Index ROE (Net income / equity capital) | 4.12% | 3.61% |
| Index ROI (EBIT / Net Capital Invested) | 8.02% | 6.43% |
| Index ROS (EBIT / Revenues) | 6.88% | 5.61% |
| Financial charges / Net profit | 98.19% | 124.79% |

The table below shows the main capital and financial indicators of the Group referring to 31 December 2013 and 31 December 2012.

| Exprivia Group | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Net Financial Debt / Equity Capital | 0.54 | 0.66 |
| Debt ratio (Total Liabilities / Equity Capital) | 2.67 | 2.79 |

The net financial position is calculated as the difference between liquid assets and short- and mid/long-term bank debt.

In 2013, **consolidated revenues** amounted to Euro 131.2 million, stable with respect to Euro 132.5 million in 2012.

**Consolidated net revenues** amounted to Euro 126.6 million, in line with the same period of 2012 (Euro 129 million).

Consolidated **EBITDA** totalled Euro 13.1 million, equal to 10% of revenues, up 5.3% over last year (Euro 12.4 million in 2012).

Consolidated **EBIT** amounted to Euro 8.7 million, also up significantly compared with the amount reported in the previous year (Euro 7.2 million in 2012).

**Profit before taxes** stood at Euro 6 million, 4.6% of revenues, a net improvement over the same period of 2012, with growth of 42.8% (Euro 4.2 million in 2012).

Lastly, **profit for the year** amounted to Euro 2.9 million (2.2% of revenues), marking an increase of 17.8% over 2012.

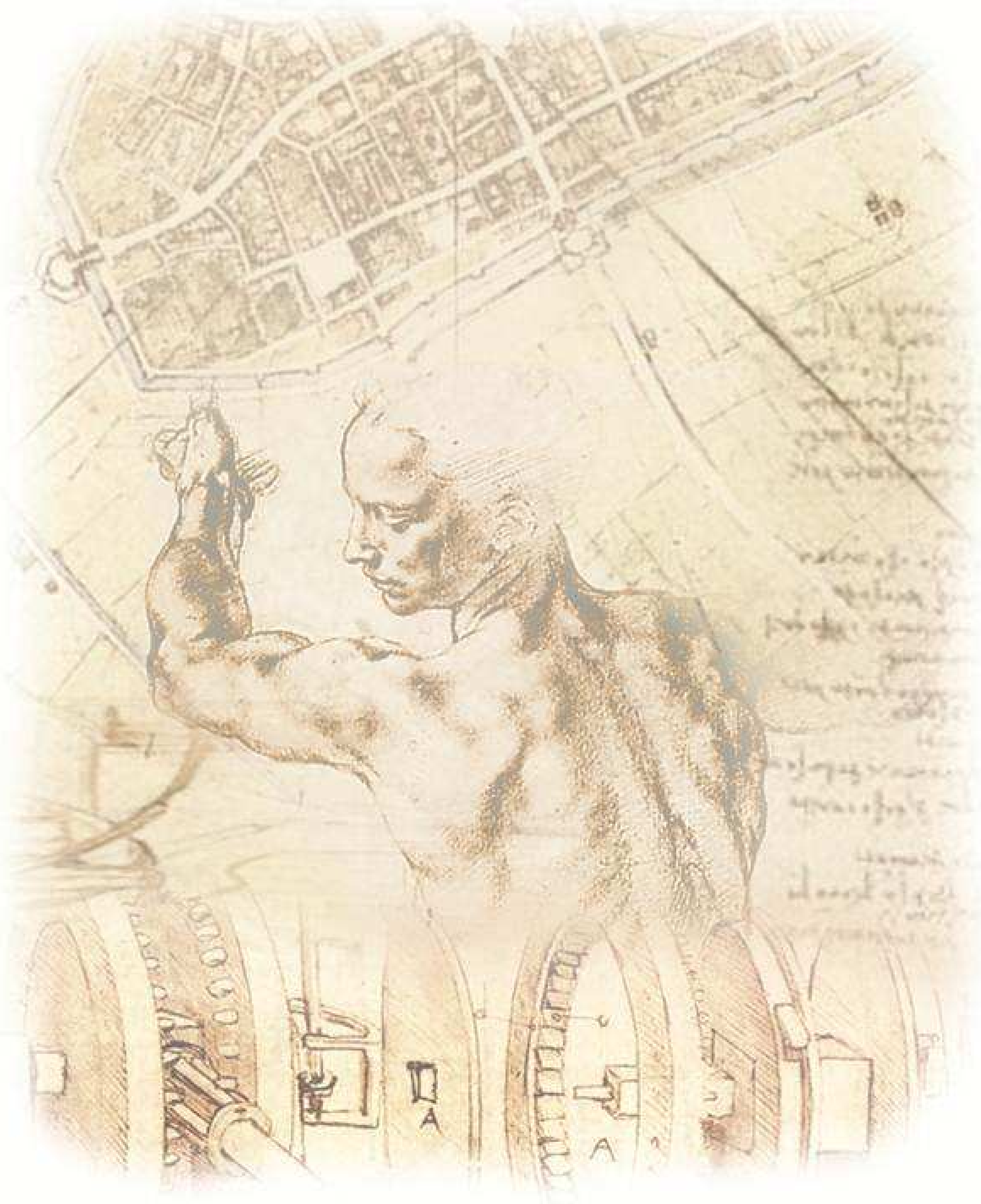
The **Net Financial Position** as at 31 December 2013 was a negative Euro 37.4 million, an improvement compared to the negative Euro 44 million in 2012 (up Euro 6.6 million). Despite retaining a remarkable level of investment, equal to Euro 5.0 million, the Group generated liquidity of Euro 6.6 million during the year, also thanks to positive cash flows from operating activities amounting to Euro 6.5 million and the management of net working capital amounting to Euro 5.8 million.

The ratio of the net financial position to revenues improved further to 29% from 33% in 2012 and from 37% in 2011. The ratio of net working capital to revenues also improved, falling from 33% in 2011 to 28% in 2012, with an additional improvement to 24% in 2013.

It should be noted that the change in short term borrowing was primarily attributable to the debt to the BNL pool, which has been reclassified from short to long term as a result of compliance with the Financial

Parameters to 31 December 2013 (for more information, please refer to reported in the notes in the "long terms borrowings).

**Group shareholders' equity** as at 31 December 2013 totalled Euro 69.3 million, up 3.1% compared to 31 December 2012.



# LETTER TO SHAREHOLDERS

Dear Shareholders,

The International Monetary Fund economists tell us that the global economy grew by 3.5% in 2013, whilst in 2014 it will record growth at a rate of 4.1%. In Italy, however, the net improvement recorded in the fourth quarter last year failed to completely eliminate the factors of uncertainty as regards the slight recovery forecast for 2014.

In 2013 Italy slipped back from the fifth place it had gained in 1986, and currently lies in ninth place among global countries, despite its higher GDP. It is forecast that within five years Italy will even be out of the top ten, overtaken by Canada and India.

Italy, which therefore remains in the G8 for political reasons and no longer for its revenues and economic weighting, is strongly penalised by its debt which remains the second highest public debt in Europe after Greece (169.1%).

In 2013 the Italian IT market recorded a further downturn of 4.5% on the previous year. The persisting IT market recession in Italy and the continuing uncertainty of the economic-political situation has allowed only partial achievement of Exprivia's three-year business objectives announced in October 2010.

For this reason, led by me the Group will update its multiyear plan by the end of the first half of 2014, comforted by the opportunities arising from development of the international market, now already standing at 13% of consolidated revenues, and by the announced acquisition of Devoteam auSystems.

In fact, despite the continuing negative performance in the Italian IT sector, 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, the Group was able to achieve revenues in line with those of the previous year and considerably increase all profit margins.

In 2013 consolidated revenues amounted to Euro 131.2 million, stable compared to 2012 (Euro 132.5 million). Consolidated net revenues amounted to Euro 126.6 million, in line with the same period of 2012. Consolidated EBITDA totalled Euro 13.1 million, 10% of revenues, showing an increase of 5.3% compared with the same period of the previous year. Profit for the period amounted to Euro 2.9 million (2.2% of revenues), up 17.8% on 2012.

We have continued to focus strongly on managing bank borrowing, which this year stood at Euro 37 million, down around Euro 7 million compared to 2012, and also managed to improve the impact of net working capital on revenues by means of a more effective credit management process.

Internally, implementation continued of the Group reorganisation, progress on which was reported by the Board of Directors on 23 April and for which the initial stage - combining the 100% subsidiaries according to market segment - was completed on 13 December with finalisation of the merger of GST Srl into Svimservice Srl, which then changed its name to Exprivia Healthcare IT Srl.

Through this transaction the number of companies, Italian subsidiaries, has reduced from ten to five, one each in the Banks and Financial Institutions, Healthcare, ERP Consulting and BPO segments and with management training provided by Spegea Scarl.

On 17 December 2013 the holding company Board of Directors approved stage two of the project which transfers the Banks, Healthcare and SAP business units of Exprivia SpA to Sis.Pa. Srl, Exprivia Healthcare IT Srl and Exprivia Enterprise Consulting Srl, respectively. The aim of this stage is to best seize upon market opportunities through the setup of business hubs (organisational unit assigned the responsibility for creating value), which coincide with the related legal entities.

In this way, each business hub/legal entity will be equipped with all the governance tools and assets necessary to directly reach the reference market, acquiring maximum flexibility in internal processes, the management of cash flows from activities that until now have been split among the subsidiaries and the holding company. At the same time, the decrease in the number of companies will make administration and governance processes more efficient, with a significant impact forecast in 2014 on operating cost containment.

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, its ratio to revenues decreased from 28% in 2012 to 23% in 2013.

The trend of revenues per business area was as follows:

| **(millions of Euro)** | **2013** | **2012** | **+/- %** |
|---|---|---|---|
| Banks ,Financial Institutions and Insurance | 27.3 | 22.2 | +23% |
| Industry, Aerospace and Media | 16.5 | 19.7 | -16% |
| Energy and Telecommunications | 13.2 | 14.2 | -7% |
| Health and Healthcare | 22.7 | 26.1 | -13% |
| Utilities | 26.2 | 25.9 | 1% |
| Public Administration | 5.1 | 6.8 | -24% |
| International Business | 14.2 | 12.2 | +16% |
| Other | 1.2 | 1.9 | -35% |
| ***Total Revenues*** | ***126.6*** | ***128.9*** | ***-1.85%*** |

In terms of business performance, during 2013 the Banks and Financial Institutions sector and the International Business grew at a double-figure rate, whilst the Utilities and Energy and Telecommunications sectors remained more or less the same as the previous year. The other sectors recorded major declines, albeit in line with the forecasts made at the start of the year.

International development was concentrated in consolidating the presence in the Spanish market, developing the Latin America and Brazil markets and entry into the Chinese market.

In Spain, the product range based on ERP applications and SAP services for industry and distribution was expanded. In Mexico, harmonisation of the IT systems of 11 Mexican port authorities (APIS), based on the integrated SAP management systems for accounting, was completed. An important project aimed at updating the ERP-based SAP IT management system of the largest infrastructure construction company in Latin America was also completed. In Brazil, a strong growth was recorded by Exprivia do Brasil Serviços de Informatica Ltda business in the IT Security sector and in ERP SAP project development. In China, a Representative Office has been opened in Beijing, entrusted to an Italian manager of proven international experience and specifically in the Chinese market, with the aim of making all necessary preparations for the start-up of Exprivia commercial and industrial business in that market.

On 10 February we announced the signing of a binding agreement for the acquisition of 100% of Devoteam auSystems Spa share capital from the French group Devoteam. The Italian company has operated for over 15 years as a market leader in the Telecommunications and Media sector with the leading international operators among its customers.

Over the years Devoteam auSystems Spa, active in Italy since 1999, has developed expertise and skills in technologies and processes, appreciated by large companies for which it acts as Italian and international partner. Devoteam auSystems Spa provides its services to the market through centres of excellence in Milan, Rome, Genoa and Palermo. These services are in the field of embedded systems, telecommunications networks, OSS, new generation networks (NGNs), mobile apps and M2M solutions. Devoteam auSystems Spa recorded revenues of Euro 16 million in 2013 and has 250 employees.

Through this acquisition, our Group becomes a clear reference player for accompanying telecoms operators through the process of adopting new mobile technologies capable of enabling radical transformations in production and business processes.

In conclusion, despite the negative performance of the economy in Italy and Europe, our Group was able to maintain and consolidate its business and its customer base in Italy, recording an improvement in all profit and financial indicators.

We can continue counting on the know-how and skills of our employees and the reputation we have built with leading domestic and international customers, and are certain that our Group will continue its process of growth and development also in 2014.

The Chairman

Domenico Favuzzi

# CORPORATE BODIES

As at 31 December 2013, following the appointment of Prof. Vito Albino as third independent director occurred on 12 March 2013 and its subsequent confirmation by the Ordinary Shareholders' Meeting of 18 April 2013, the Board of Directors, which will remain in office until the approval of the 2013 financial statements, 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 | Milano 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) 5/04/1966 |
| 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 | Milano 21/01/1948 |
| Vito Albino | Independent Director (*) | Non-Executive | Bari 10/09/1957 |

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

For the purpose of their office all directors are domiciled at the registered offices of the Company in Molfetta (BA), 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 (See Corporate Governance).

## BOARD OF STATUTORY AUDITORS

As at 31 December 2013 the Board of Statutory Auditors, whose term of office will end 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 Board of Statutory Auditors has been confirmed by Ordinary Shareholders' Meeting of the 28 April 2011, for the period 2011-2013. The term of office will expire with the approval of the financial statements for the year ended 31 December 2013.

## 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

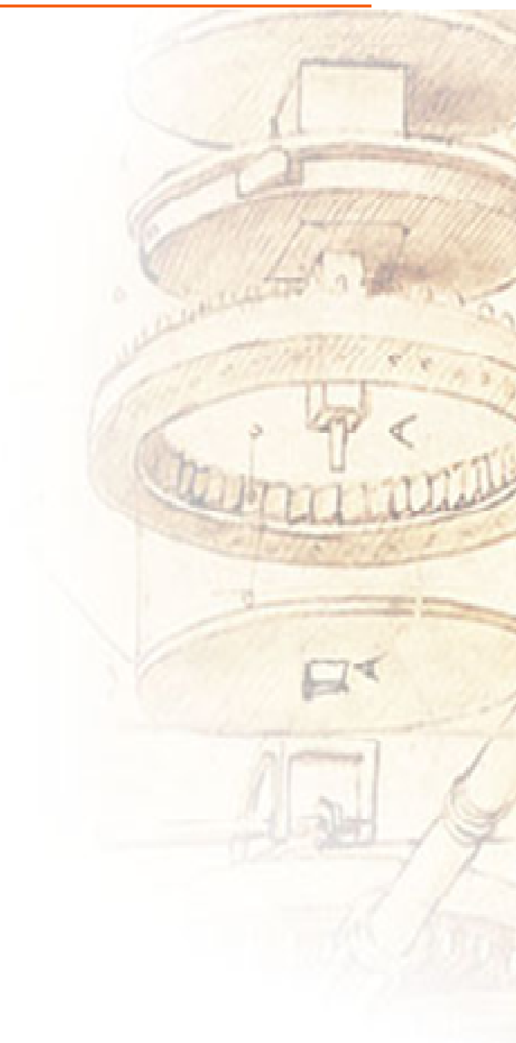
## The Company

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

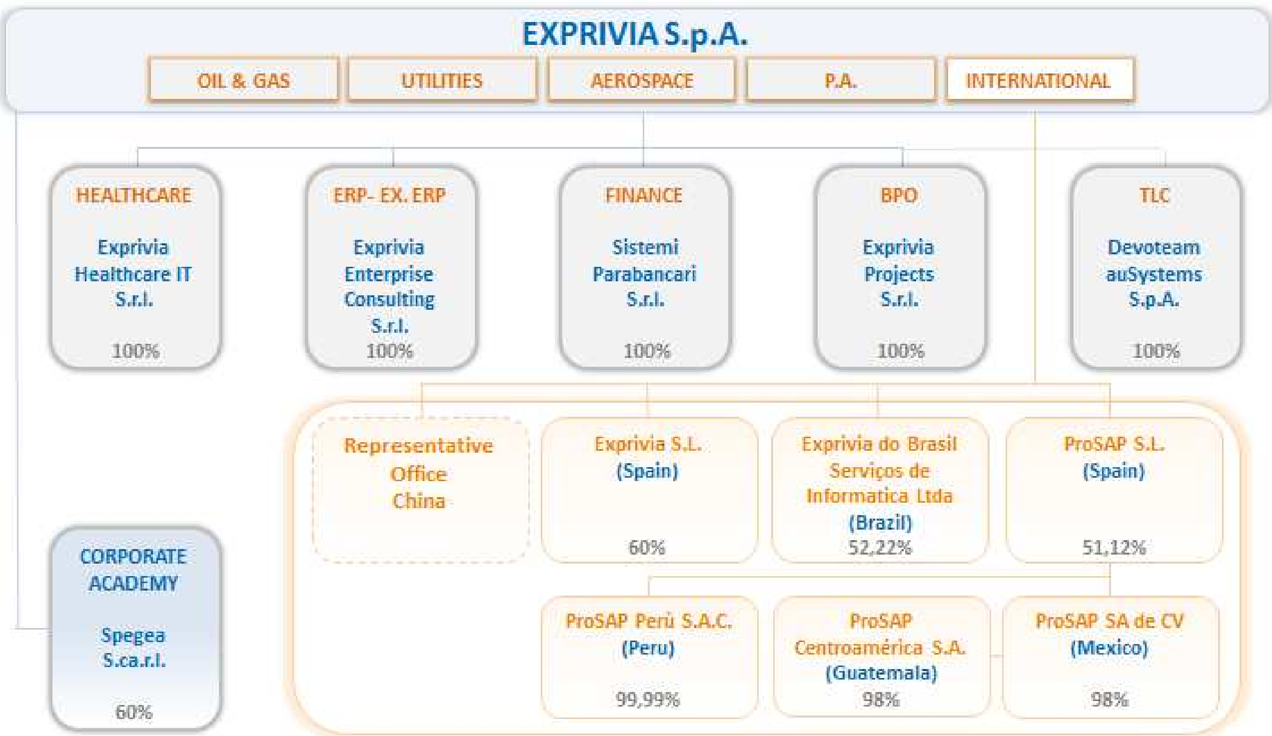
Our constant investments in research and development make us stand out as a benchmark for the creation of innovative solutions to meet the increasingly more sophisticated demands of our customers.

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 abroad (Spain, Mexico, Guatemala, Peru, Brazil and China).

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


EXPRIVIA S.p.A.
OIL & GAS
UTILITIES
AEROSPACE
P.A.
INTERNATIONAL
HEALTHCARE
Exprivia Healthcare IT S.r.l.
100%
ERP- EX. ERP
Exprivia Enterprise Consulting S.r.l.
100%
FINANCE
Sistemi Parabancari S.r.l.
100%
BPO
Exprivia Projects S.r.l.
100%
TLC
Devoteam auSystems S.p.A.
100%
Representative Office China
Exprivia S.L. (Spain)
60%
Exprivia do Brasil Serviços de Informatica Ltda (Brazil)
52,22%
ProSAP S.L. (Spain)
51,12%
CORPORATE ACADEMY
Spegea S.ca.r.l.
60%
ProSAP Perù S.A.C. (Peru)
99,99%
ProSAP Centroamérica S.A. (Guatemala)
98%
ProSAP SA de CV (Mexico)
98%

## SUBSIDIARIES

**Exprivia Projects Srl** 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 Healthcare IT Srl.**, formerly Svimservice Srl, 100% owned by Exprivia, is based in Trento 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. In 2013, the company merged **Gruppo Soluzioni Tecnologiche Srl - GST** by incorporation, already a member of the Exprivia Group.

**Exprivia Enterprise Consulting Srl**, formerly WelNetwork Srl, 100% owned by Exprivia, 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. In 2013, the company merged **Datilog Srl** and **Realtech Italia Srl** by incorporation, already members of the Exprivia Group.

**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. Sis.Pa 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.

**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 dedicated to the development of IT solutions and systems for the 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 53.68% share while the company Simest it holds 46.145%.

## 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.

## 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)". LabGTP is a public-private laboratory dedicated to bioinformatics and is based in Naples. Created in 2006, this laboratory has recently received the approval of the Ministry of Industry University and Research for 2 projects PON 2011, to continue its researches.

**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, 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 EXPRIVIA BUSINESS MODEL

The Exprivia Group is a leading Italian company specialised in designing, developing and integrating innovative software solutions and services with a wide range of skills gained from twenty years of working in the 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, Financial Institutions and Insurance
- Energy and Telecom
- Industry, Aerospace and Media
- Public Administration
- Health and Healthcare
- Utilities

# MARKETS

## Banking, Finance and Insurance

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 instructions 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.

### INTERCHANNELS

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 focused on 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.

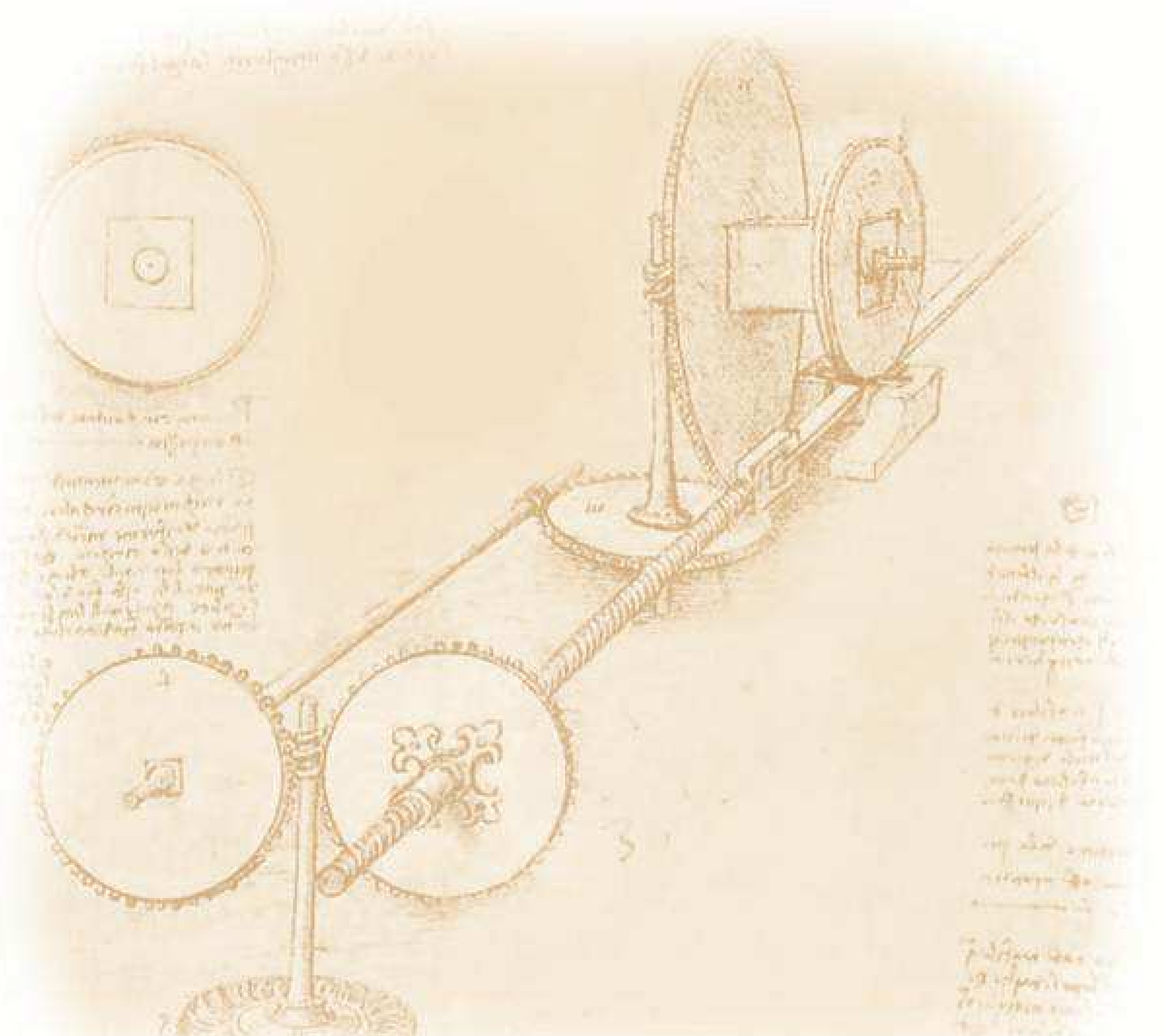
Exprivia assists its customers with solutions for the development and management of transversal and characteristic processes. In particular it proposes solutions aimed at ensuring an integrated management of administrative processes, efficient operating processes, the quality of customer services, process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

# 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



# 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

# 2013 MARKET TREND

In 2013 the ICT market saw a global decline of over 4.5% compared to 2012. It is estimated that the market lost 15% overall since 2008. This can be attributed to various factors: the economic crisis, lack of investments in infrastructures and few investments in innovation, both at public and private level. As classic IT declines, new launch dynamics can be found in the digitalisation of company processes (the consumerization phenomena of ICT, mobile, electronic commerce, social media, cloud, big data, IoT, etc.). This, which appears to be a true digital revolution and barely started as yet, means that new innovative applications are running side by side through legacy systems within companies. The challenge of ICT relaunch in Italy passes through this evolution.

In this context, Exprivia presents its 2013 results in line with those of 2012, with a variety of differentiations depending on the reference market concerned.

According to the organisational model adopted in the last two years, Exprivia has defined the Banking, Finance and Insurance, Industry, Aerospace and Media and Energy and Telecommunications as its **Private Markets** in Italy. In this area Exprivia has grown by around 2% year on year (Euro 56.1 million in 2012 vs. Euro 57.1 million in 2013).

The details of the revenues concerning 31 December 2013 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 €) | 31.12.2013 | 31.12.2012 | Variation % |
|---|---|---|---|
| Banks, Financial Istitutions and Insurance | 27,348 | 22,202 | 23% |
| Industry, Aerospace and Media | 16,544 | 19,717 | -16% |
| Energy and Telcom | 13,201 | 14,173 | -7% |
| **Total private mark** | **57,093** | **56,092** | **1.78%** |

On the other hand, in the segments defined as **Public Market**, i.e. **Healthcare** (national and regional, clinical-medical and hospital facilities), **National and Regional Public Administration** (Municipal, Provincial and Regional authorities, public entities, central government administrations and social security entities) and **Utilities, Transport and Public Services** (including organisations operating in the energy, environment, transport or logistics industries or those responsible for sector-specific regulation and control), in 2013 Exprivia recorded revenues for Euro 54.1 million, down 8% compared to 2012 figures.

Whilst the Utilities, Transport and Public Services sector records a steady trend in innovation investments due to the strong competition in this market, the public sector (public administration in general and healthcare in particular) essentially stagnated as a result of a decline in IT expenditure. Even the healthcare sector, where investments in innovation would generate immediate economic effects (see telemedicine), has reached a stalemate.

In 2013 the public administration component recorded a drop in revenues compared to 2012, whereas Utilities values remained the same as last year.

The details of the revenues concerning 31 December 2013 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 €) | 31.12.2013 | 31.12.2012 | Variation % |
|---|---|---|---|
| Health and Healthcare | 22,744 | 26,124 | -13% |
| Utilities | 26,218 | 25,939 | 1% |
| Public Administration | 5,163 | 6,762 | -24% |
| **Total public mark** | **54,125** | **58,826** | **-7.99%** |

# TREND OF EXPRIVIA GROUP RESULTS AND COMMENTS ON THE PERFORMANCE OF INDIVIDUAL BUSINESS LINES

In 2013 the trend of **revenues per business area** fell by 4.9% with respect to the previous year.

The details of the revenues concerning 31 December 2013 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 €) | 31.12.2013 | 31.12.2012 | Variations % |
|---|---|---|---|
| Banks, Financial Istitutions and Insurance | 27,348 | 22,202 | 23% |
| Industry, Aerospace and Media | 16,544 | 19,717 | -16% |
| Energy and Telcom | 13,201 | 14,173 | -7% |
| Health and Healthcare | 22,744 | 26,124 | -13% |
| Utilities | 26,218 | 25,939 | 1% |
| Public Administration | 5,163 | 6,762 | -24% |
| International Business | 14,166 | 12,192 | 16% |
| Other | 1,219 | 1,876 | -35% |
| **Total** | **126,601** | **128,987** | **-1.85%** |

| | EBITDA | | | | EBITDA/REVENUES | | |
|---|---|---|---|---|---|---|---|
| **Exprivia Group (value in K €)** | **31.12.2013** | **31.12.2012** | **Variation** | **Variation %** | **31.12.2013** | **31.12.2012** | **Variation** |
| Banks, Financial Istitutions and Insurance | 4,587 | 4,254 | 333 | 8% | 16.8% | 19.2% | (2.39) |
| Industry, Aerospace and Media | 11 | 868 | -857 | -99% | 0.1% | 4.4% | (4.33) |
| Energy and Telcom | 1,575 | 2,009 | -434 | -22% | 11.9% | 14.2% | (2.24) |
| Health and Healthcare | 3,313 | 3,539 | -226 | -6% | 14.6% | 13.5% | 1.02 |
| Utilities | 1,152 | 435 | 717 | 165% | 4.4% | 1.7% | 2.72 |
| Public Administration | 417 | -204 | 621 | -304% | 8.1% | -3.0% | 11.10 |
| International Business | 2,209 | 1,255 | 954 | 76% | 15.6% | 10.3% | 5.30 |
| Other | -191 | 254 | -445 | -175% | -15.7% | 13.5% | (29.22) |
| **Total** | **13,073** | **12,410** | **663** | **5.34%** | **10.33%** | **9.62%** | **0.70** |

The details of the revenues concerning 31 December 2013 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 €) | 31.12.2013 | 31.12.2012 | Variations |
|---|---|---|---|
| Projects and Services | 99,702 | 111,417 | -11% |
| Maintenance | 15,017 | 10,133 | 48% |
| HW/ SW third parties | 9,419 | 2,984 | 216% |
| Own licences | 1,245 | 2,575 | -52% |
| Other | 1,218 | 1,876 | -35% |
| **Total** | **126,601** | **128,987** | **-1.85%** |

The details of the revenues concerning 31 December 2013, compared with the figures as at 31 December 2012, broken down by type of customer (public or private) are shown below.

| Exprivia Group (value in K €) | 31.12.2013 | Effect % | 31.12.2012 | Effect% | Variations% |
|---|---|---|---|---|---|
| PRIVATE | 98,485 | 77.8% | 95,446 | 74.0% | 3.2% |
| PUBLIC | 28,116 | 22.2% | 33,541 | 26.0% | -16.2% |
| **TOTAL** | **126,601** | | **128,987** | | **-1.85%** |

The details of the revenues concerning 31 December 2013, compared with the figures as at 31 December 2012, broken down between Italy and international (in K €) are shown below.

| Exprivia Group (value in K €) | 31.12.2013 | Effect % | 31.12.2012 | Effect % | Variations % |
|---|---|---|---|---|---|
| ITALY | 110,003 | 86.9% | 115,401 | 89.5% | -4.7% |
| FOREIGN | 16,599 | 13.1% | 13,586 | 10.5% | 22.2% |
| **TOTAL** | **126,601** | | **128,987** | | **-1.85%** |

## Banking, Finance and Insurance

In 2013 Exprivia saw a 23% growth in the **Banking, Finance and Insurance** sector due to two concurrent factors:

- Vertical application products in line with banking developments, such as credit and risk management in large and medium-sized entities, finance applications (trading, investment banking, etc.) present in the major banks both in Italy and abroad, leasing and factoring applications with the capacity for customisation and management of end-to-end services to financial institutions.
- The ability to offer horizontal technology in critical areas of banking organisations. An example is the field of compliance and first and second level controls, with a state-of-the-art solution, the field of analytical reporting based on innovative technologies that hook up with the big data architecture, the field of security to meet banks' cybersecurity needs and the new Bankit 263 rules, and the "Bring your device" field allowing mobile access to applications (office, legacy). In this sector we have set up the trading rooms of major national and international banks.

These two areas of expertise combined have allowed Exprivia to implement significant projects and achieve consistent growth in a Banking, Finance and Insurance market in which the services segment fell by 2% in 2013.

## Industry, Aerospace and Media

This market recorded an approximate 16% decrease (16.5 vs. 19.7 in 2012) in a general scenario of a 4.5% decline in ICT services. Here, too, the results are conflicting: a general decrease in ICT expenditure among the large corporate groups, but positive aspects in manufacturing companies present on the international markets, particularly in the "Made in Italy" sectors of luxury, design, food, etc.

Exprivia's most significant projects come from its experiences in mature environments such as ERP, HCM, Extended ERP and SAP in companies with international rollout.

Of great importance are the experiences acquired in the area of mobility and analytics, both on the SAP Hana mobile platform and on open source architecture (visual analytics, Hadoop, etc.) which have positioned us among the market leaders.

## Energy and Telecommunications

In this segment, Exprivia saw a 7% decrease in 2013 due to the general market situation. Specifically, IT services expenditure in Telco fell by 6%, but also in major transition projects (ERP, portals, payment systems, etc.) in place between 2013 and 2014. In fact, the prospects for the sector in 2014 are positive. The installations completed relate both to traditional ITC in SAP environments (control, logistics and production ERP), and to new applications such as Web, Self-service, Loyalties, card management and IT security. Innovative technologies are being introduced in this sector, such as voice recognition, new customer care services, analytics and big data, in the context of which Exprivia has a dedicated R&D centre.

# HEALTH AND HEALTHCARE

The **Health and Healthcare** Business Line recorded revenues for the year of Euro 22.7 million, down 13% on 2012. This decline, already noted during the year and forecast in the budget, is mainly attributable to the remodelling, at renewal stage, of two major contracts in the **Region and Territory** sector. In this area, revenues of over Euro 14.1 million were recorded. Revenues in the **Medical and Hospital** sector amounted to over Euro 7.5 million, 10% up on 2012. In addition to the good sales performance for the **e4cure** solution, this result was achieved through the award to Exprivia of certain public contracts, particularly the tender launched by the Marche Regional Authority for implementation of the regional imaging diagnostics network.

Other major contracts awarded in 2013 both in the **Region and Territory** and **Medical and Hospital** areas are pending formalisation and will therefore generate revenues in 2014.

Lastly, as regards the **Voice Recognition** sector, the positive sales trend continues with Euro 1.8 million of revenues, in line with those of 2012.

# PUBLIC ADMINISTRATION

The **Public Administration** Business Line recorded revenues of around Euro 5 million for the year, a decrease of 24% compared to the previous year.

This decrease can be attributed to the postponement of activities to the following year, already expected from major customers, and to the stronger focus on IT expenditure which translates to less funds for the services required though quality levels remain constant.

The critical accounts situation of the local authorities and uncertainty about the fate of provincial administrations and in-house companies also have a negative impact.

In the area of **Regional Public Administration**, starting with a reduced backlog, Exprivia has managed to confirm its customers' revenues and new customers have been acquired for which revenues are expected next year. Partnerships and commercial arrangements have begun to consolidate the regional presence.

In **National Public Administration** Exprivia continues to intensify its commercial action targeting existing customers and prospects, planning new initiatives for its positioning on the list of leading players in this market segment.

## UTILITIES

During the year the **Utilities, Energy and Services** Business Line recorded revenues of Euro 26.2 million, in line with the final figures for 2012. The breakdown of revenues confirms that 61.3% is accounted for by the sale of systems and application design and maintenance services, 31.1% by the sale of business process outsourcing (BPO) services and the remaining 7.6% from the sale of software and hardware.

The customer portfolio rose from 18 to 23 in 2013, confirming that the business line has strengthened its strategic position in the reference market, particularly energy, given its expertise in the main processes characteristic of companies operating in this sector.

The project "Integrated Information System for Acquirente Unico" continues, involving the implementation of technological infrastructures and application processes in the electricity and gas market management system set up by the Authority to give additional input to the deregulation of the energy market. This project offers considerable visibility to the entire sector of energy operators (sellers and distributors). The implementation plan for the integrated information system for Acquirente Unico S.p.A. demonstrates Exprivia's level of technological and sector-specific expertise the market now acknowledges.

The level of revenues maintained and the increase in margins are mainly attributable to the stepping up to the fully operational stage of certain activities that began in recent years, and also confirms the existence of a consolidated backlog of activities for the years to come.

Exprivia aims 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 partnership arrangement. Companies in this sector are focusing on the sale of complementary products and services to their customers, with a view to increasing the value expressed by their customer base and to ensuring growing loyalty.

In this scenario, Exprivia has taken on the role of technology partner, providing support to customers in the technological innovation process. It has become a business partner, with responsibility for managing back office and front office sales business processes (BPO).

In terms of the product mix, a special focus has targeted the transport sector, in that it shows a growing market demand for services to the community in terms of electronic ticket payment for public transport and parking, services expected to become increasingly widespread over the next few years.

## INTERNATIONAL BUSINESS

International development was concentrated in consolidating the presence in the Spanish market, developing the Latin America and Brazil markets and entry into the Chinese market.

In Spain, where the Exprivia Group is present through two subsidiaries, **Profesionales de Sistemas Aplicaciones y Productos S.L. (ProSap) and Exprivia S.L.**, the characteristic product range based on ERP applications and SAP services for industry and distribution, with Business Intelligence solutions for the

Healthcare sector, and web services (marketing and online sales) for Banks and large distribution chains, has been expanded.

Sales in the Latin American countries through local operators of solutions in the Imaging and Business Intelligence solutions for Healthcare made an important contribution to Exprivia SL's results.

In Mexico, where the Exprivia Group operates directly with **Prosap Mexico**, harmonisation of the IT systems of 11 Mexican port authorities (APIS) was completed. They are based on the integrated SAP management systems for accounting, and an important project aimed at updating the ERP-based SAP IT management system of the largest infrastructure construction company in Latin America has been successfully completed. Prosap Mexico is a SAP Gold Partner.

Activities continue for **Prosap Guatemala**, which operates also in other Central America countries, and **Prosap Peru**, a start-up focused on the industry sector and public administration, and is a partner of SAP Andina.

In Brazil, a strong growth was recorded by **Exprivia do Brasil Serviços de Informatica Ltda** business in the IT Security sector and in ERP SAP project development.

In **China**, a **Representative Office has been opened in Beijing**, entrusted to an Italian manager of proven international experience and specifically in the Chinese market, with the aim of making all necessary preparations for the start-up of Exprivia commercial and industrial business in that market.

# 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 2012 the company has established processes for mapping and the development of skills certified, thus reducing the risk of expertise in load to key figures, confirming the Group’s ability to attract leading figures in the field of innovation.

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 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: CORPORATE EVENTS AND ACQUISITIONS / SALES

## COMPANY EVENTS

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.

On 18 April 2013, the shareholders' meeting of Exprivia SpA met on first call to approve the financial statements as at 31/12/2012.

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 appointment of Prof. Vito Albino as Independent Director.

Lastly, the shareholders' meeting withdrew a new authorisation to purchase and dispose of treasury shares, pursuant to articles 2357 and 2357-ter of the Italian Civil Code.

## ACQUISITIONS/SALES IN THE EXPRIVIA GROUP

On 10 April 2013, the shareholders' meeting of Exprivia do Brasil Serviços de Informatica Ltda approved the capital increase by Exprivia SpA for an amount of Euro 510,000.00 and by Simest SpA for an amount of Euro 490,000.00. By virtue of this increase, the company is now owned as follows: Exprivia SpA: 53.680% / Simest SpA: 46.145% / Christian Roberto Maggioni 0.175%.

On 23 April 2013 the Company covered losses and replenish the share capital of Datilog Srl. Since the minority shareholder waived participation in this operation, Exprivia SpA became sole shareholder.

On 30 April 2013, the sale agreement was concluded with the shareholder G&K for the sale of Realtech Italia SpA's shares to Exprivia SpA, which became the sole shareholder.

On 3 May 2013, the sales agreement was concluded by Exprivia SpA for the sale of TraxAll Srl's shares owned by the company to the majority interest UVET SpA.

On 29 May 2013, the subsidiary GST S.r.l. sold its 24.9% interest in the company PerVoice SpA.

## COMPANY STREAMLINING PROJECT

On **23 April 2013**, the Board of Directors approved a project to streamline the Exprivia Group.

The initial phase consisted of changing all wholly-owned companies' legal form into private limited company, concentrating their headquarters and the possibility of appointing a single supervisory body as an alternative to the Board of Statutory Auditors.

In fact, on 8 May 2013, the extraordinary shareholders' meetings of the subsidiaries were held which approved the change of the legal form from joint stock companies into private limited companies and appointed the single auditor to replace the former Boards of Statutory Auditors.

The second phase involved streamlining the structure of the shareholding chain and optimising management of the resources and cash flows coming from the activities split between the many companies forming the Exprivia Group in Italy.

Three mergers have been carried out which have allowed us to attain important synergies deriving from the elimination of corporate and administrative duplications and overlapping, with consequent savings on overheads due to exercising a lower number of entrepreneurial activities.

The first operation consisted of the **merger by incorporation of the companies Realtech Italia Srl and Datilog Srl into Wel.Network Srl.**

The relevant "Merger Plan" was approved by the individual administrative bodies of the three companies and was later approved by the respective shareholders' meetings.

The “Merger Plan” was finalised on 15 October 2013.

**The incorporating company Wel.Network Srl changed its name to Exprivia Enterprise Consulting Srl** at the same time Realtech and Datilog were incorporated.

The second operation consisted of the **merger by incorporation of the companies Exprivia Solutions Srl and Infaber Srl into Exprivia SpA.**

The relevant "Merger Plan" was approved by the individual administrative bodies of the three companies and was later approved by the respective shareholders' meetings (for Exprivia S.p.A. the Board of Directors pursuant to Art. 2505 and 2505-ter of the Italian Civil Code).

The “Merger Plan” was finalised on 28 October 2013.

The third operation consisted of the **merger by incorporation of the company Gruppo Soluzioni Informatiche – GST Srl into Svimservice Srl.**

The relevant "Merger Plan" was approved by the individual administrative bodies of the two companies and was later approved by the respective shareholders' meetings.

The “Merger Plan” was finalised on 11 December 2013.

**The incorporating company, Svimservice Srl, changed its name to Exprivia Healthcare IT Srl** at the same time GST was incorporated, and moved its headquarters to Trento, leaving all other operating premises throughout the country unchanged.

**On 17 December 2013**, Exprivia SpA’s Board of Directors resolved a project for the transfer of Exprivia SpA’s Banking, Healthcare and SAP business branches to the subsidiaries Sis.Pa. Srl, Exprivia Healthcare IT Srl and Exprivia Enterprise Consulting Srl respectively.

This resolution kick-started the last phase of the company streamlining project, which is based on the need to better grasp market opportunities, by establishing “business hubs” (organisational units responsible for creating value), which coincide with the associated legal entities.

In this way, the subsidiaries (legal entities) will be equipped with all the governance tools and assets needed to reach the reference market, by acquiring maximum flexibility in internal processes and in the management of cash flows coming from the activities that have, up until now, been split between the subsidiaries and the holding company.

# EVENTS AFTER 31 DECEMBER 2013

## COMPANY EVENTS

There were no events after the closing of the financial statements at 30 June 2013 which could have significant impacts on the financial statements themselves.

## ACQUISITIONS/SALES IN THE EXPRIVIA GROUP

On 11 February 2014, Exprivia SpA signed a binding agreement for the acquisition, from the French Group Devoteam, of all the share capital of Devoteam auSystem Spa, which has been a reference company in the Italian market for more than 15 years, operating in the Media and Telecommunications sector, which counts the leading international operators among its customers.

The transaction is expected to be closed in the middle of April 2014.

# 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 2013 consists of 51,883,958 shares with a nominal unit value of Euro 0.52.

| | |
|---|---|
| **Stock Exchange ISIN code:** | IT0001477402 |
| **Acronym:** | XPR |
| **Specialist:** | Centrobanca |

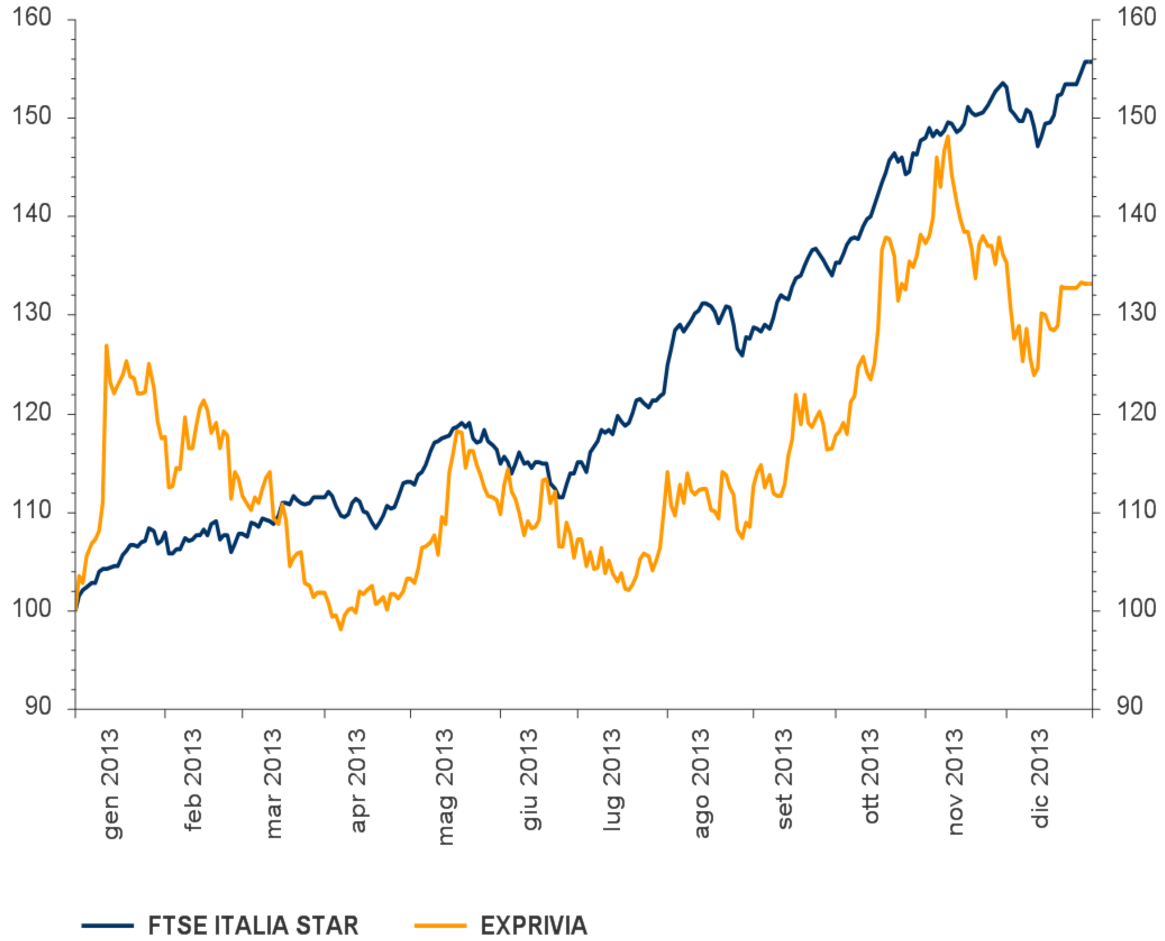
## COMPOSITION OF SHAREHOLDERS

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 30 June 2013, the shareholder structure of Exprivia was as follows:

| Shareholders | Shares | % |
|---|---|---|
| Abaco Innovazione S.p.A..: | 24,892,855 | 47.98% |
| Merula S.r.l: | 1,857,723 | 3.58% |
| Data Management S.p.A.: | 1,055,011 | 2.03% |
| Treasury shares held | 1,224,591 | 2.36% |
| Other shareholders (< 2%): | 22,853,788 | 44,05% |
| **Total Shares** | **51,883,968** | **100%** |

## Stock Performance

The graph shows the performance of Exprivia stock on the FTSE Italia Star index in the January-December 2013 period.




Fonte: Thomson Reuters Datastream

# BUSINESS OUTLOOK

In 2013 the IT market recorded an additional downturn of 4.5% 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 projects and on developing international markets, Exprivia was able to achieve revenues in line with the previous year, increasing profit margins considerably.

A persistent recessionary phase in the IT market in Italy and continued economic and political uncertainty has partially hindered Exprivia from achieving the objectives of its three-year plan announced in October 2010. For this reason, Exprivia decided to update its long-term plan by the first half of 2014, encouraged by the opportunities provided by development in the international market, which now accounts for 13% of consolidated revenues, and the announced acquisition of the company Devoteam auSystem.

In order to also tackle the persistent difficulties in the macroeconomic scenario with the maximum effectiveness, in 2013, the company launched a streamlining project, based on the need to better grasp market opportunities, by establishing "business hubs" (organisational units responsible for creating value), which coincide with the associated legal entities.  In 2014, the streamlining process will also involve foreign subsidiaries.

In this way, the subsidiaries (legal entities) will be equipped with all the governance tools and assets needed to reach the reference market, by acquiring maximum flexibility in internal processes and in the management of cash flows coming from the activities that have, up until now, been split between the subsidiaries and the holding company.

In 2013, the number of Italian subsidiaries fell from ten to five, each one in the following sectors: Banking and Finance, Healthcare, ERP Consulting, BPO and advanced training through the company Spegea Scarl. The reduction in the number of companies makes administrative and governance processes more efficient, with a significant impact on the reduction of operating costs expected in 2014.

Through a better capital and financial structure and improved distribution of skills, the individual companies, which will continue to operate in coordination with and under the control of the holding company Exprivia Spa, will possess the necessary qualities to participate independently, or as lead company, in large public and private calls for tender and to enhance their relations with strategic partners and suppliers for each business segment.

# 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.

During 2013, started an investment project aimed at strenghthening and improving the facilities of the registered office and operational logistics of Exprivia, which aims to make itself more functional and welcoming to customers.

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.

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, whose construction was completed in February 2014.

# RESEARCH & DEVELOPMENT

In 2013, Exprivia's Innovation Lab again carried out its activities in collaboration with the Production and Sales Departments, with the goal of bringing innovation to the offer portfolio of the Exprivia Group.

Thanks to Exprivia's active presence in Technology and Production Districts, and participation in the most important national Technology Clusters, the number of PON (National Operational Programme) and POR (Regional Operational Programme) projects approved for public funding grew considerably. In fact, the three research projects active in 2012 (SDI, LOGIN and SLIMSAFE), were augmented in 2013 by three Sanita' 2.0 projects (launched with Consorzio BioGene - Naples), two BigData projects (launched with Distretto DHiTech - Lecce), and a SaaS and MobileTicketing project (launched with Distretto dell'Informatica Pugliese – Pugliese IT District).

The company research objectives are incorporated in Exprivia's framework research project "*Città Digitale 2.0*", which aims to create a Community of active citizens through mobile devices, for innovative Healthcare, eGovernment, Transport and Mobility, Tourism, Cultural Heritage and Energy Efficiency services. Three priority areas for company business emerged from the "Città Digitale 2.0" framework project in 2013: 1) *Sanità 2.0*, 2) *Mobile Ticketing & Intelligent Transportation System (ITS)* and 3) *Big Data*.

**As regards Sanità 2.0**, the research concerns innovative Telemedicine and Monitoring systems (Ambient Assisted Living) for providing remote indoor and outdoor assistance to vulnerable people, analysis systems for Genetics and Personalised Medicine and, lastly, BPM systems for the computerised management of the entire health chain. Exprivia, as a member of Consorzio Biogene, participates in the project **LabGTP**, Laboratorio di Genomica, Trascrittomica e Proteomica (Genomics, Transcriptomics and Proteomics Laboratory) financed by the MIUR (Ministry of Universities and Research), and increased its participation in 2013 with two new projects, **Lab 8 Potenziamento A (Lab 8 Potentiation B)** and **Lab 8 Potenziamento B (Lab 8 Potentiation B).** The projects are dedicated to the creation of integrated bio-IT instruments, in which Exprivia is working directly to create monitoring and telemedicine systems for diseases arising from genetic bases and extensions of the centralised clinical folder to integrate genetic information, in view of the personalised medicine objective.

Two Mobile Apps are due to be released in February 2014, for home assistance and remote monitoring of obese sick people with heart problems. The two systems were awarded the tender and created by Exprivia in 2013 as part of the PCP – Pre Commercial Procurement tender of the Puglia Region.

As regards Sanità 2.0, the Ministerial approval process is also being concluded for the research projects to be carried out within the domain of the new *Districts and/or new Public-Private Combinations*, in which Exprivia is a key regional and national IT representative in the following fields:

Human health and Biotechnologies (Distretto **H-BIO Puglia**);

*Ambient Assisted Living* (New **INNOVAAL** Public-Private Combination**, SAIL** project).

Provision of business services through the use of innovative technologies in the ICT field, with vertical medical integration (New **SI-LAB** Public-Private Combination, **SDE** project).

Finally, the **ActiveAgeing@Home** project should be pointed out, as part of Cluster "Technologies for Living Environments", which Exprivia participated in through the MIUR tender for the definition of National Cluster Technologies. The funding decree has been issued by MIUR, therefore the project has officially commenced.

As regards ***Mobile Ticketing/ITS*** the main project is **Puglia Digitale 2.0**, launched in January 2013, financed by POR Regione Puglia (Regional Operational Programme – Puglia Region), as a strategic project of Distretto dell'Informatica Pugliese. The project is managed by Exprivia and involves another six companies in the District. Its objective is to create a multi-company catalogue of software components that can be provided in SaaS/Cloud. Exprivia will take part in the creation of instruments for the shared SaaS catalogue, and, more specifically, in the innovation and integration of SaaS services in the PAL and Healthcare domain. Exprivia's main objective is to create a regional platform called "PugliaDigitale", for infomobility and to establish MobileTicketing for the entire Puglia public transport network, by involving the Puglia Region and all regional public transport companies. This experimentation started with the introduction of the "BariDigitale" App in 2013, which saw more than 6,000 active users at the time pay for car parking and bus tickets on their smartphones, and, in October 2013, was among the three Apps that reached the final of the SMAU Innovation Award.

As regards Intelligent Transportation Systems, the **LOGIN** project (National Industry 2015-Made in Italy Tender) is currently being implemented, dedicated to the development of a cooperative logistics platform which makes it possible to optimise the logistics processes of the agribusiness chain and the chain of haulage contractors specialised in the sector.

In this application context, the **ITS (Intelligent Transportation System) Italy 2020** project was also officially launched, dedicated to the themes of transport intermodality, as part of the Cluster "Means and systems for mobility on land and sea", which is undergoing the same bureaucratic process as the *Active Ageing(at)home* project and where Exprivia has provided a significant technical and scientific contribution.

Within the field of research on **Big Data**, work is continuing on PON (National Operational Programme) projects, to be carried out in cooperation with other members of the DHITECH High Tech District, which Exprivia is a part of:

**VINCENTE**, project with the goal of setting up a Web-oriented methodological and technological platform aimed at proactively supporting and developing new forms of business for the region of Puglia;

**Puglia@service**, dedicated to searching for methods of scientific analysis for the creation of innovative services for the supply of knowledge management solutions for the "Knowledge Intensive Services" (KIS) market.

Exprivia treats Big Data as a key area in these projects for the management of large volumes of multimedia information taken from heterogeneous sources; the pilot projects, to be implemented in the Puglia region, represent the driving force for the consolidation of a specific company offer, for which developments are expected throughout the country and which sees Exprivia currently committed to pilot projects at key customers.

Outside the domain of the three main areas, but holding a clear role in terms of Exprivia's industrialisation targeted at supporting the company's Factory model, is the **SDI** - *Service Delivery Improvement* project; this project is co-financed by the Puglia Region as part of the *Regional Programme Contracts*, and is targeted at the strengthening and innovation of the methods of providing IT services, starting with the adoption of and experimentation with new delivery paradigms Software as a Service (SaaS) and Cloud Computing. The project will be completed during the first quarter of 2014.

In 2013, Exprivia's Innovation Lab made a substantial contribution to the proposal and launch of major Mobile projects for Utilities customers, operating as a Mobile Competence Centre for the entire Exprivia Group.

# EVENTS AND SPONSORSHIPS

- Exprivia took part in the "**Il Laboratorio delle idee: per innovare il futuro**" (Ideas workshop: innovating the future) which was held on 28 January 2013 at the Bari Polytechnic Institution. The Seminar, which was held in the Electrical and Information Engineering Department of the Bari Polytechnic Institution focused on the macro areas of innovation.
- Exprivia participated in the **Road Show Nazionale R2B - SMAU** (National R2B – SMAU Road Show) which was held on 6 -7 February 2013 at Fiera del Levante di Bari (Levante Trade Fair in Bari) with a Workshop, organised by Poste Italiane to highlight the initiatives in the Puglia healthcare field, of Nek Albano, Head of the Edotto Project, Member and Secretary of the Electronic Healthcare Work Group of the Puglia Region and Enrico Annese, Head of Exprivia's Tenders Department.
- Exprivia participated in the event **"Company-Student Meeting: Work, Training, Orientation"** which was held on 18 February 2013 at the University of Bari to meet students and new graduates interested in joining our group.
- Exprivia took part in the **"Puglia Industry and Finance Observatory Forum for kick-starting the regional economy"** held on 11 March 2013 at the Villa Romanazzi Carducci hotel in Bari. Exprivia sponsored the initiative, which saw local policy makers involved, and participated in the day with Domenico Favuzzi's speech at the round table discussion entitled **THE "SMART PUGLIA" PROJECT AND THE EXPERIENCE OF AN "INTELLIGENT" CITY.**
- Exprivia took part in the event **E.P.R. (Expo Conf Electronic Patient Record 2013)** held on 14 March 2013 at the Humanitas Conference Centre in Milan. Now in its ninth edition, the event tackled the themes of electronic patient records, electronic health records and information systems in Healthcare. Exprivia was present with its own exhibition space and took part in the Round Table Discussion "Information Systems in Healthcare" overseen by Paolo Stofella.
- On 27 March 2013 Exprivia took part in the **"Star Conference 2013"** organised by Borsa Italiana, through one-to-one interviews, with leading national and international institutional investors.
- Exprivia participated in the event "**Medit – Health Innovation**" which was held on 18 and 19 April 2013 at the Vicenza (VI) Trade Fair. Exprivia was present at the event, dedicated to healthcare professionals in the field of hospital and electronic healthcare innovation, with an exhibition space and a workshop overseen by Paolo Stofella and Fabio Barbon entitled: "***Exprivia's eWard medical records: ergonomy and functionality in support of clinical activity".***
- Exprivia sponsored **l'Osservatorio ICT in Sanità 2012-2013** (ICT Observatory in Healthcare 2012-2013) which was held on 7 May 2013 at the Milan (MI) Polytechnic Institution. The event saw the presentation of the results of the Ricerca dell'Osservatorio ICT in ambito Sanità (Research of the ICT Observatory in the Healthcare field) with the results of the impact of the spending review and the challenges this poses for the key players in Healthcare. Exprivia contributed a speech on Regional Development Strategies in the field of ICT, entitled: "***The Edotto project for clinical governance and in support of processes handled by the regional hospital"*** overseen by Nehludoff Albano of the Puglia Region.
- From 22 to 24 May 2013 Exprivia participated in the event **"Festival dell'Innovazione 2013"** (2013 Innovation Festival) held in Bari**.** Experience workshop, multifunctional technological space, the event described the changes through exhibitions, displays, seminars and demos. Exprivia was present with its exhibition space and a Workshop held on 23 May entitled "***BariDigitale: "The new mobile services platform for the City of Bari".***
- On 5 June 2013, Exprivia took part in the **Job Meeting in Bari** at the Bari Polytechnic Institution.
- Between 6 and 8 June, Exprivia participated in the "**2013 China Hospital Information Network Conference**" in Zhengzhou, (China), where it illustrated, in collaboration with Nehludoff Albano,

- Secretary of the Round Table Group for Electronic Healthcare in Puglia and the Head of the "Edotto" Project, the computerisation of Hospital and Health Structures implemented by Exprivia on behalf of the Puglia Region.
- On 21 and 22 June 2013 Exprivia took part in the National Convention "**112° Raduno Gruppo SIRM Marche**" held in JESI (AN). At the convention, targeted at radiologists specialised in Magnetic Resonance and, in particular, Senior Radiologists at public hospitals in Le Marche (The Marches), Exprivia was present with an exhibition space to present its Offer on the e4cure Solution.
- Exprivia sponsored the international event "**8th International Conference on Global Software Engineering**" held between 26 and 29 August 2013 in Bari. At the international conference, which examined themes linked to the development of software engineering in depth, Exprivia presented its nearshore development model, for both software and services, on the SDI (Service Delivery Improvement Project) model.
- On 6 and 7 September 2013 Exprivia took part in the event "**Radiologia interventistica e dintorni: incontro con l'oncologia**" ("Interventional radiology and the like: oncology meeting") held in Ancona. At the event, dedicated to the RIS/PACS system and to the state of the art of articular imaging for the shoulder, ankle and hip, Exprivia, the sponsor of the initiative, presented its RIS/PACS offer.
- From 23 September to 4 October, Exprivia participated in the event "**Campus Mentis**" in Milan, with its exhibition space, an initiative targeted at bringing together companies and new graduates.
- Exprivia took part in the event "**Sap Forum 2013**" held on 26 September in Milan. The SAP Forum 2013 was a meeting place for SAP Partners and the Companies that want to innovate and learn about SAP tools for business in more depth. Exprivia was present with its own exhibition space, in which it presented its Group SAP Hub offer, and made a speech entitled: "***L'Innovazione delle tecnologie come strumento di competitività: il progetto Natuzzi***" ("***The innovation of technologies as a tool of competitiveness: the Natuzzi Project***"), which analysed the experience of the customer Natuzzi.
- Exprivia participated in the event "**Smau Milano 2013**" ("Smau Milan 2013") held between 23 and 25 October in Milan. The Puglia Region, together with the Distretto Produttivo dell'Informatica (IT Production District), was present with its own institutional exhibition space, "***Spazio Puglia***" to introduce to the event highly specialised and competitive production partners in our region, highlighting hubs of excellence in the Puglia IT sector. **Exprivia** took the opportunity to present the **Soluzione Città Digitale (Digital City Solution)** nominated for the **Mob App Awards 2013** and among the **finalists** of the Consumer contest in the category **"Pubblica amministrazione e servizi al cittadino" ("Public Administration and public services").**
- Exprivia participated in the event "**Italycare - Eccellenze della medicina Italiana**" ("Italycare – Excellence in Italian medicine") held on 24 October in Moscow. The objective of the conference, organised by the Italian Embassy in Moscow, Confindustria Russia and Confindustria Puglia, is to present to Russia the multitude of examples of Italian excellence in the field of medicine. Exprivia, sponsor of the initiative, was present with its stand and outlined its e4cure offer for healthcare.
- On 15 November 2013, Exprivia took part in the **Convegno Annuale AISIS** (Annual AISIS Convention) in Florence. Exprivia was present at the event with an exhibition space and a speech from Azienda Ospedaliera di Bologna S. Orsola Malpighi, an Exprivia customer, delivered by Valeria Mignatti (IT systems) entitled "***Cartella Ambulatoriale Multidisciplinare e prescrizione elettronica : l'esperienza del Policlinico S.Orsola Malpighi***" ("***Multidisciplinary Outpatient Records: the experience of the S. Orsola Malpighi General Hospital***").
- Exprivia took part in the Workshop organised in conjunction with the Bari Polytechnic Institution on "**Mobile Development**" in Bari on 27 November 2013. The workshop was structured into theory-based lessons on Mobile development, Semantic Web and Linked Open Data given by the Exprivia team and the development of specific projects on themes tackled in the classroom which were evaluated by a committee composed of Exprivia, Polytechnic Institution and student representatives.

- On 15 November 2013, Exprivia took part in the fourth edition of the "**China Italy Innovation Forum**", held in Peking. Exprivia participated in the event, an opportunity for exchanging ideas and business meetings on innovation between Italy and China, by organising one-to-one meetings with Chinese businessmen on the issues of healthcare, ehealth and smart cities.

# STAFF AND TURNOVER

| Company | Employees 31/12/12 | Employees 31/12/13 | Temporary workers 31/12/12 | Temporary workers 31/12/13 |
|---|---|---|---|---|
| Exprivia SpA (formerly Solutions e Infaber on 2013)) | 750 | 878 | 70 | 41 |
| Wel.Network S.r.l. | 104 | - | 2 | - |
| Svimservice S.r.l. | 266 | - | - | - |
| Exprivia Healthcare IT (formerly Svimservice e GST in 2013) | - | 265 | - | - |
| Exprivia Enterprise Consulting (formerly Welnetwork, Realtech, Datilog in 2013) | - | 202 | - | 2 |
| Exprivia Solutions S.r.l. | 108 | - | 9 | - |
| Exprivia SL (Spagna) | 14 | 14 | - | - |
| Exprivia Projects S.r.l. | 287 | 377 | - | - |
| GST Srl | 11 | - | - | - |
| Realtech Italia S.r.l. | 138 | - | 4 | - |
| Datilog Srl | 4 | - | 1 | - |
| Prosap (gruppo) SL | 145 | 134 | - | - |
| InFaber Srl | 21 | - | - | - |
| Sispa S.r.l. | 56 | 56 | 1 | - |
| Spegea S.c. a r.l. | 9 | 9 | 2 | 1 |
| Exprivia do Brasil Servicos de Informatica Ltda | 10 | 27 | 5 | 1 |
| **Total** | **1923** | **1962** | **94** | **45** |
| *Of which management* | *34* | *35* | | |
| *Of which middle management* | *187* | *180* | | |

- Part-time workers made up around 24% of all employees, who work part-time in various configurations of contractual working hours.
- 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 | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/13 | 31/12/12 | 31/12/13 | 31/12/12 | 31/12/13 | 31/12/12 | 31/12/13 | 31/12/12 |
| Exprivia SpA (formerly Solutions e Infaber) | - | - | 3 | 2 | 43 | 3 | 10 | 12 |
| Exprivia Projects S.p.A. | - | - | - | - | 127 | 33 | - | - |
| Exprivia Solutions S.p.A. | - | - | - | - | - | - | - | - |
| Exprivia Healthcare IT (formerly Svimservice e GST) | - | - | - | - | 4 | - | - | - |
| InFaber Srl | - | - | - | - | - | 1 | - | - |
| Exprivia Enterprise Consulting (formerly Welnetwork, Realtech, Datilog) | - | - | - | - | - | 1 | - | - |
| Total | - | - | 3 | 2 | 174 | 38 | - | 12 |
| Total Population | 31 | 27 | 166 | 126 | 1,503 | 1,382 | 44 | 83 |
| **% Turnover** | **-%** | **-%** | **2%** | **2%** | **11%** | **3%** | **22%** | **14%** |

**DISMISSALS**

| | MANAGEMENT | | MIDDLE MANAGEMENT | | OFFICE WORKERS | | PROJECT-BASED CONTRACTORS | |
|---|---|---|---|---|---|---|---|---|
| | 31/03/13 | 31/12/12 | 31/12/13 | 31/12/12 | 31/12/13 | 31/12/12 | 31/12/13 | 31/12/12 |
| Exprivia SpA (formerly Solutions e Infaber) | 1 | 1 | 4 | - | 54 | 12 | 6 | 2 |
| Exprivia Projects S.p.A. | - | 1 | - | - | 17 | 2 | - | - |
| Exprivia Solutions S.p.A. | - | - | - | - | - | 6 | - | - |
| Exprivia Healthcare IT (formerly Svimservice e GST) | - | - | - | - | 4 | - | - | - |
| InFaber Srl | - | - | - | - | - | - | - | - |
| Exprivia Enterprise Consulting (formerly Welnetwork, Realtech, Datilog) | - | - | 4 | - | 1- | 1 | 1 | - |
| Total | 1 | 2 | 8 | - | 85 | 21 | 7 | 2 |
| Total Population | 31 | 27 | 166 | 126 | 1,503 | 1,382 | 44 | 83 |
| **% Turnover** | **3%** | **7%** | **5%** | **0%** | **6%** | **2%** | **16%** | **2%** |

# MANAGEMENT TRAINING AND DEVELOPMENT

The Exprivia Group invests in developing skills in particular, by confirming the enhancement of the skills set and abilities of its personnel. The analysis of gaps in skills, on which investment policies are based, is linked to an annual process of mapping and balancing of skills identified as the 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 recruitment 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);
- Optimisation of the personnel allocation and reallocation process (Selection and Orientation Area).

In particular, the analysis of the relevant gaps through the skill inventory allows the company to analyse any out-of-date skills, reconverting them through a permanent academy for personnel redevelopment.

Throughout the company remuneration is connected to results achieved by each individual, and it was designed to be sustainable and compatible with company results while ensuring the approach is based on merit.

In terms of Training, the 2013 Training Master Plan, in respect of 25,897 hours of planned training, supplied 18,575 hours of training (of which 2,452 in E-Learning mode), recording 1,377 attendances. The training courses were set up at the start of the year and reviewed every quarter in order to make the training investment policies consistent with the company's objectives and sustainable with respect to the budget targets.

The training courses held centred not only legislation and foreign languages, but also on:

- 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.

- Management skills: measure to develop managerial skills of the Exprivia Group's middle management, i.e., focused on improving organisational behaviour and project management, in line with the development of the structure.

The following are specifically noted:

- Master's 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.

The training exercises mentioned involved participants from all Group companies, encouraging integration of organisational cultures and experiences acquired in 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 2013, 299 certification exams were taken and 234 were passed (78.26%).

As regards the Recruitment Area, in 2013, the Exprivia Group hired around 61 new resources, including new technical-IT graduates and qualified personnel.

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 reference market.

It is worth mentioning the 127 new hires in Business Process Outsourcing, who will work both in the Contact Centre and Back Office. In this area, in 2013, the tendency was to focus on the high quality of resources to be employed in professional areas that are increasingly demanding and challenging.

Also in 2013, Exprivia maintained its links with Universities, Polytechnic Institutions and Research Centres, in the full knowledge of the added value in terms of potential and skills contributed by young new graduates. This collaboration was heavily strengthened, 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, a highly effective channel since it offers the trainee an important opportunity to tackle topics directly connected with the corporate business, at the same time guaranteeing excellent relations 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*".

# GROUP 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 maximum transparency inside and outside the company.

In April 2010, Exprivia S.p.A. obtained ISO 13485 certification (which consists of a specialisation of ISO 9001 for the medical device sector) and the CE marking class IIb.

In November 2012, the Management System was certified in compliance with standard ISO/IEC 27001 (Information Security Management Systems – Requirements) for Exprivia S.p.A. and for the production site of Molfetta (BA).

In December 2013, Exprivia S.p.A obtained the ISO/IEC 20000-1 certification (Information Technologies - Service Management - Part 1: Requirements for a service management system) for the production site of Molfetta (BA) and for the following certification purpose:

> *The IT Service Management System supporting the provision of the following IT services: Application Management; ICT Infrastructure Management; Desktop Management.*

Checks are regularly and successfully carried out by an outside body to ensure the certifications are maintained.

# 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 Staff Functional 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 competencies within the group including the production of paper, digital and web-based promotional material;
- Centralised management for the supply of specialist technical resources between group companies to manage critical points in turnover and to give all operational units access to highly specialised technical competencies;
- Coordinated participation by Exprivia in public contract tenders with the contribution of all companies according to their specific competencies.

The table below shows the financial receivables due from subsidiaries of Exprivia, not included in the consolidation area.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Farm Srl winding up | 20,388 | 20,388 | - |
| **TOTAL** | **20,388** | **20,388** | **-** |

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

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

This 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 2013, no relevant transactions were carried out pursuant to the procedure of transactions with affiliates.

On 23 April 2013, Exprivia SpA carried out a transaction of minor importance with an affiliate by granting an interest-bearing loan of Euro 400,000.00 to its parent company Abaco Innovazione SpA. This loan is subject to the 3-month Euribor interest rate, + 5 percentage points, to be repaid in two half-year instalments of the same amount. The first instalment shall be paid after 12 months from the supply of the loan and the second instalment after 18 months, less one day. The loan is secured by a commitment to sell Exprivia shares of equivalent value in the event the loan is not repaid on maturity. This transaction was previously evaluated and approved by the Risk and Control Committee.

On 16 October 2013, Abaco Innovazione SpA paid Exprivia the first interest instalment for prepayment of the loan on 23 April 2013.

On 17 October 2013, earlier than the envisaged expiry, Abaco Innovazione SpA paid the subsidiary Exprivia Euro 200,000.00 of the interest-bearing loan received on 26 October 2012, plus accrued interest.

On 24 October 2013, the company Exprivia SpA carried out a minor transaction with an affiliate, consisting of the disbursement to the parent company Abaco Innovazione SpA of an additional interest-bearing loan of Euro 400,000.00 regulated at the 6-month Euribor rate plus 5 percentage points, to be repaid in a lump-sum, expiring 18 months from the disbursement, with the deferred payment of interest on a six-monthly basis. The loan is secured by a commitment to sell Exprivia shares of equivalent value in the event the loan is not repaid on maturity. This transaction was previously evaluated and approved by the Risk and Control Committee.

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

Please note that the companies Traxall Srl and Pervoice S.p.A. were sold and, therefore, no longer fall within the perimeter of affiliates; for more details, please refer to the section "Significant Events of the First Half of 2013".

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 as at 31 December 2013.

## RECEIVABLES FROM AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Traxall Srl | | 125,345 | (125,345) |
| **TOTAL** | - | **125,345** | **(125,345)** |

## PAYABLES TO AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Pervoice S.p.A. | | 34,390 | (34,390) |
| Traxall Srl | | 38,115 | (38,115) |
| **TOTAL** | - | **72,505** | **(72,505)** |

## COSTS WITH AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Pervoice S.p.A. | | 30,000 | (30,000) |
| Traxall Srl | | 22,050 | (22,050) |
| **TOTAL** | - | **52,050** | **(52,050)** |

## REVENUES FROM AFFILIATES AND ASSOCIATED COMPANIES

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Pervoice S.p.A. | | 1,105 | (1,105) |
| **TOTAL** | - | **1,105** | **(1,105)** |

# 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 Parent Companies".

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 financial statements of Abaco Innovazione S.p.A..

| | | 31/12/2012 | 31/12/2011 |
|---|---|---|---|
| **NON CURRENT ASSETS** | | | |
| Shareholdings | | 31,160,889 | 31,689,569 |
| | Holdings in subsidiary companies | 31,160,889 | 31,689,569 |
| ***TOTAL NON CURRENT ASSETS*** | | ***31,160,889*** | ***31,689,569*** |
| **CURRENT ASSETS** | | | |
| Commercial credits and others | | 29,642 | 19,645 |
| | Receivables to subsidiaries | 12,763 | 12,763 |
| | Receivables to subsidiaries | | |
| | Tax assets | 16,879 | 6,882 |
| Liquid assets | | 399 | 77 |
| | Bank assets | 376 | 62 |
| | Cheques and unpresented effects | 23 | 15 |
| ***TOTAL CURRENT ASSETS*** | | ***30,041*** | ***19,722*** |
| **TOTAL ASSETS** | | **31,190,930** | **31,709,291** |

| | | 31/12/2012 | 31/12/2011 |
|---|---|---|---|
| **NET WORTH** | | | |
| Company capital | | 1,000,000 | 1,000,000 |
| | Company capital | 1,000,000 | 1,000,000 |
| Own shares | | (31,209) | (31,209) |
| | Own shares | (31,209) | (31,209) |
| Other reserves | | 25,020,127 | 24,308,678 |
| | Legal reserve | 200,000 | 200,000 |
| | Extraordinary reserve | 6,303,996 | 5,592,547 |
| | Other reserve | 18,516,131 | 18,516,131 |
| Profits/Losses on previous periods | | 4,586 | 4,586 |
| | Profits/ Losses brought forward | 4,586 | 4,586 |
| Profit/Loss for period | | 289,755 | 711,448 |
| **TOTAL NET WORTH** | | **26,283,259** | **25,993,503** |

| | | | |
|---|---|---|---|
| **NON CURRENT LIABILITIES** | | | |
| **Non current liabilities to banks** | | **2,100,000** | **2,800,000** |
| | Non current liabilities to banks | 2,100,000 | 2,800,000 |
| ***TOTAL NON CURRENT LIABILITIES*** | | ***2,100,000*** | ***2,800,000*** |
| **CURRENT LIABILITIES** | | | |
| **Current liabilities to banks** | | **799,441** | **1,200,476** |
| | Payables to banks current share | 799,441 | 1,200,476 |
| **Payables to suppliers** | | **162,188** | **200,273** |
| | Payables to suppliers | 162,188 | 200,273 |
| **Advances** | | **75,520** | **-** |
| | Advances | 75,520 | |
| **Other financial liabilities** | | **1,049,347** | **828,963** |
| | Payables to subsidiaries | 1,049,347 | 828,963 |
| **Tax liabilities** | | **-** | **53** |
| | Tax liabilities | | 53 |
| **Other current liabilities** | | **721,175** | **686,023** |
| | Payables to welfare and social securit | 71,760 | 33,560 |
| | Other liabilities | 649,415 | 652,463 |
| ***TOTAL CURRENT LIABILITIES*** | | ***2,807,671*** | ***2,915,788*** |
| **TOTAL LIABILITIES** | | **31,190,930** | **31,709,291** |
| **OTHER REVENUES** | | **6** | **-** |
| | | 6 | |
| ***TOTAL PRODUCTION REVENUES*** | | ***6*** | ***-*** |
| **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** | | **45,060** | **53,292** |
| | Other costs for services | 36,218 | 36,247 |
| | Sundry management charges | 8,842 | 17,045 |
| ***TOTAL PRODUCTION COSTS*** | | ***95,010*** | ***103,242*** |
| **DIFFERENCE BETWEEN PRODUCTION REVENUE AND COSTS** | | **(95,004)** | **(103,242)** |
| **FINANCIAL INCOME AND CHARGES** | | **(384,706)** | **(814,743)** |
| | Income from holdings in subsidiaries | (786,924) | (1,022,011) |
| | Other financial income with separate | (35) | (252,885) |
| | Interest and other financial charges | 389,008 | 443,182 |
| | Financial charges with subsidiaries | 13,245 | 16,971 |
| **PRE-TAX RESULT** | | **289,702** | **711,501** |
| **INCOME TAX** | | **(53)** | **53** |
| | TAX IN PREVIOUS YEARS | (53) | |
| **PROFIT OR LOSS FOR THE PERIOD** | | **289,755** | **711,448** |

# GROUP RELATIONS WITH PARENT COMPANIES

The tables below show relations between the Exprivia Group and the parent company Abaco Innovazione SpA as at 31 December 2013, compared with 31 December 2012 for the equity data and with the same period of the previous year for economic data.

It should be noted that due the effects of the merger by incorporation of Exprivia Solutions in Exprviia Spa, the relationship with the parent Abaco Innovazione SpA are held only by Exprivia S.p.A..

## RECEIVABLES

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia S.p.A. | 1,675,919 | 437,446 | 1,238,473 |
| Exprivia Solutions S.p.A. | | 611,901 | (611,901) |
| **TOTAL** | **1,675,919** | **1,049,347** | **626,572** |

It is worth noting that receivables, in the amount of Euro 1,598,933 are of the financial, interest-bearing type.

## REVENUES AND INCOME

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia S.p.A. | 36,694 | 5,000 | 31,694 |
| Exprivia Solutions S.p.A. | | 13,245 | (13,245) |
| **TOTAL** | **36,694** | **18,245** | **18,449** |

# Annual Consolidated Financial Statements of the Exprivia Group

# Consolidated Balance Sheet

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Land and buildings | 6,542,909 | 6,469,466 |
| Work in progress and anvances | 3,210,906 | 898,331 |
| Other assets | 3,340,849 | 4,353,117 |
| **Property, plant and machinery** | **13,094,664** | **11,720,914** |
| Goodwill | 29,394,963 | 29,424,407 |
| Consolidation difference | 39,533,078 | 39,645,410 |
| **Goodwill and other assets with an indefinite useful life** | **68,928,041** | **69,069,817** |
| Intangible assets | 1,618,137 | 1,440,500 |
| Research and development costs | 3,010,465 | 2,956,859 |
| Work in progress and advances | 748,927 | 680,446 |
| **Other Intangible Assets** | **5,377,529** | **5,077,805** |
| Investments in subsidiaries | | |
| Investments in associates | 15,613 | 218,599 |
| Investments in other companies | 857,172 | 903,335 |
| **Equity investments** | **872,785** | **1,121,934** |
| Receivables from associates | | |
| Other receivables | 1,837,134 | 1,977,936 |
| **Other financial assets** | **1,837,134** | **1,977,936** |
| Tax advances/deferred taxes | 1,568,095 | 1,336,189 |
| **Deferred tax assets** | **1,568,095** | **1,336,189** |
| **NON-CURRENT ASSETS** | **91,678,248** | **90,304,594** |

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Trade receivables | 56,217,164 | 62,615,049 |
| Crediti verso imprese controllate | 20,388 | 20,388 |
| Receivables from associates | | 125,345 |
| Receivables from parent companies | 1,675,919 | 1,049,347 |
| Other receivables | 14,288,417 | 11,610,375 |
| Tax receivables | 1,131,054 | 1,503,321 |
| **Trade receivables and other** | **73,332,942** | **76,923,825** |
| Inventories | 449,799 | 171,054 |
| **Inventories** | **449,799** | **171,054** |
| Work in progress contracts | 12,214,932 | 14,377,957 |
| **Work in progress contracts** | **12,214,932** | **14,377,957** |
| Held at bank | 7,199,765 | 5,310,083 |
| Cheques and cash in hand | 49,782 | 33,252 |
| **Cash at bank and on hand** | **7,249,547** | **5,343,335** |
| **CURRENT ASSETS** | **93,247,220** | **96,816,171** |
| | | |
| **ASSETS** | **184,925,468** | **187,120,765** |

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Share Capital | 26,979,658 | 26,979,658 |
| **Share capital** | **26,979,658** | **26,979,658** |
| Treasury shares | (636,787) | (494,012) |
| **Treasury shares** | **(636,787)** | **(494,012)** |
| Share premium | 18,081,738 | 18,081,738 |
| **Share Premium Reserve** | **18,081,738** | **18,081,738** |
| Revaluation reserve | 2,907,138 | 2,907,138 |
| **Revaluation reserve** | **2,907,138** | **2,907,138** |
| Legal reserve | 3,312,804 | 3,182,603 |
| Other reserves | 11,718,309 | 9,399,821 |
| **Other reserves** | **15,031,113** | **12,582,424** |
| Retained earning/loss | 5,975,474 | 6,199,449 |
| **Profits/Losses for previous periods** | **5,975,474** | **6,199,449** |
| **Profit/Loss for the period** | **2,855,879** | **2,424,481** |
| **SHAREHOLDERS' EQUITY** | **71,194,213** | **68,680,875** |
| **Minority interest** | **1,906,914** | **1,500,272** |
| **GROUP SHAREHOLDERS' EQUITY** | **69,287,299** | **67,180,603** |
| Non-curent bank debt | 8,531,974 | 9,551,977 |
| **Non-current bank debt** | **8,531,974** | **9,551,977** |
| Trade payables after the financial year | 489,948 | 697,665 |
| Payables for equity investments | 1,740,396 | 1,740,396 |
| Tax liabilities and amounts for social security payable after the financial year | 119,161 | 191,085 |
| **Other financial liabilities** | **2,349,505** | **2,629,146** |
| Other provisions | 1,600,483 | 1,612,698 |
| **Provision for risks and charges** | **1,600,483** | **1,612,698** |
| Employee severance indemnities | 8,714,511 | 8,699,275 |
| **Employee provisions** | **8,714,511** | **8,699,275** |
| Provisions for deferred taxes | 1,262,729 | 1,295,785 |
| **Deferred tax liabilities** | **1,262,729** | **1,295,785** |
| **TOTAL NON-CURRENT LIABILITIES** | **22,459,202** | **23,788,881** |

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Current bank debt | 36,120,716 | 39,824,155 |
| **Current bank debt** | **36,120,716** | **39,824,155** |
| Trade payables | 20,512,414 | 18,260,095 |
| **Trade payables** | **20,512,414** | **18,260,095** |
| Advances | 2,448,157 | 3,065,134 |
| **Advances payment on work in progress contracts** | **2,448,157** | **3,065,134** |
| Payables to associated companies | | 72,505 |
| Other payables | 4,023,929 | 2,761,627 |
| **Other financial liabilities** | **4,023,929** | **2,834,132** |
| Tax liabilities | 8,848,388 | 11,703,372 |
| **Tax liabilities** | **8,848,388** | **11,703,372** |
| Amounts payable to pension and social security institutions | 4,976,918 | 4,735,262 |
| Other payables | 14,341,531 | 14,228,859 |
| **Other current liabilities** | **19,318,449** | **18,964,121** |
| **CURRENT LIABILITIES** | **91,272,053** | **94,651,009** |
| | | |
| **LIABILITIES** | **184,925,468** | **187,120,765** |

# Consolidated Income Statement

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Revenue from sales and services | 127,190,277 | 137,421,919 |
| **Revenues** | **127,190,277** | **137,421,919** |
| Other revenues and income | 801,065 | 508,108 |
| Grants related to income | 2,171,208 | 1,124,257 |
| **Other income** | **2,972,273** | **1,632,365** |
| Changes in inventories of work in progress | 279,051 | 42,204 |
| Changes in work in progress contracts | (868,266) | (8,477,530) |
| Increase in capitalised expenses for intenal projects | 1,652,966 | 1,869,045 |
| **Changes in inventories of finished goods and work in progress** | **1,063,751** | **(6,566,281)** |
| **PRODUCTION REVENUES** | **131,226,301** | **132,488,003** |
| Costs of raw, subsid. & consumable mat. and goods | 11,182,948 | 7,429,209 |
| **Raw materials and consumables used** | **11,182,948** | **7,429,209** |
| Salaries | 60,361,447 | 61,335,697 |
| Social security charges | 16,243,345 | 16,718,142 |
| Employee severance indemnities | 4,056,182 | 4,012,832 |
| Other staff costs | 1,144,177 | 1,123,978 |
| **Costs related to employee benefits** | **81,805,151** | **83,190,649** |
| Other costs for services | 18,348,989 | 22,664,387 |
| Costs for leased assets | 4,998,890 | 4,931,809 |
| Sundry operating expenses | 1,450,226 | 1,606,243 |
| Provisions | 367,156 | 255,780 |
| **Other costs** | **25,165,261** | **29,458,219** |
| **TOTAL PRODUCTION COSTS** | **118,153,360** | **120,078,077** |
| **DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES** | **13,072,941** | **12,409,926** |

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Ordinary amortisement of intangible assets | 2,055,464 | 2,068,899 |
| Ordinary depreciation of tangible assets | 1,536,264 | 1,272,782 |
| Othe write-downs | 294,050 | 897,406 |
| Doubtful receivables included in current assets | 482,469 | 928,749 |
| **Amortisation, depreciation and write-downs** | **4,368,247** | **5,167,836** |
| **OPERATIVE RESULT** | **8,704,694** | **7,242,091** |
| Income from parents companies | (31,694) | (13,245) |
| Income from other investments | (111,256) | (39) |
| Other income other than the above | (37,236) | (71,580) |
| Interest and other financial charges | 2,804,308 | 3,025,454 |
| Profit and loss on currency exchange | 46,930 | 77,639 |
| **Financial income and charges** | **2,671,052** | **3,018,229** |
| **PRE-TAX RESULT** | **6,033,642** | **4,223,862** |
| IRES | 1,250,125 | 1,746,354 |
| IRAP | 2,572,396 | 2,605,956 |
| Taxes previous years | (689,788) | (2,533,326) |
| Deferred taxes | (694) | (33,812) |
| Tax paid in advance | 45,724 | 14,209 |
| **Income tax** | **3,177,763** | **1,799,381** |
| **PROFIT OR LOSS FOR THE PERIOD** | **2,855,879** | **2,424,481** |
| Attributable to: | | |
| Shareholders of holding company | 2,418,127 | 2,151,958 |
| Minority interest | 437,752 | 272,523 |

# Statement of Comprehensive Income as at 31 December 2013 and as at 31 December 2012

| Description | 31/12/2013 | 31/12/2012 | 01/01/2012 |
|---|---|---|---|
| Profit for the period | 2,855,879 | 2,424,481 | |
| Profit (loss) for the actuarial effect of IAS 19 | (286,059) | | 378,233 |
| Profit (loss) for the actuarial effect of IAS 19 year 2012 | | (19,711) | |
| Net income (loss) from sale of own shares | | (45,788) | |
| Tax effect of changes | 78,666 | 18,012 | (104,014) |
| **Net income / (expense) for the period recognized in equity** | **(207,393)** | **(47,487)** | **274,219** |
| **Total comprehensive income** | **2,648,486** | **2,376,994** | |
| *attributable to:* | | | |
| Group | 2,049,381 | 2,104,471 | |
| Minority interest | 441,773 | 272,523 | |

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

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

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

It should be noted that the amounts presented in the Statement of Comprehensive Income as at 01/01/2012 represent the value of the past actuarial gain/loss from severance assessments, reclassified after applying the revised IAS 19.

# Statement of Changes in Consolidated Shareholders’ Equity

| Operations | Company Capital | Own shares | Share Premium Fund | Reval. Reserve | Other Reserves | Profits (Losses) brought forward | Valuation Reserve | Profit (Loss) for the period | Minority Interests | Minority Interests | Total Net Worth | Total Group Net Worth |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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** |
| Changes in opening balances | | | | | | (274,219) | 274,219 | | | | - | |
| **Balance at 01/01/2012** | **26,979,658** | **(46,508)** | **18,081,738** | **2,907,138** | **10,998,820** | **6,131,106** | **274,219** | **3,206,289** | **1,291,854** | **3,206,289** | **68,532,460** | **67,240,606** |
| Reclassification previous year's profit to previous year's profit | | | | | 1,607,041 | 1,599,248 | | (3,206,289) | | | - | |
| Dividend distribution | | | | | | | | | | | - | |
| Dividend distribution | | | | | | (1,603,295) | | | | | (1,603,295) | |
| Purchase of own shares | | (530,471) | | | (54,766) | | | | | | (585,237) | |
| Sale of own shares | | 82,967 | | | 64,526 | | | | | | 147,493 | |
| Changes in consolidated companies | | | | | | (187,539) | | | | | (187,539) | |
| Profit (loss) of the period | | | | | | | | 2,424,481 | 208,418 | 2,424,481 | 2,424,481 | |
| Net income / (expense) for the period recognized in equity | | | | | (33,197) | | (14,290) | | | (47,487) | (47,487) | |
| **Balance at 31/12/2012** | **26,979,658** | **(494,012)** | **18,081,738** | **2,907,138** | **12,582,424** | **5,939,520** | **259,929** | **2,424,481** | **1,500,272** | **2,376,994** | **68,680,875** | **67,180,603** |
| Reclassification previous year's profit to previous year's profit | | | | | 2,604,023 | (179,542) | | (2,424,481) | | | - | |
| Dividend distribution | | | | | | | | | | | - | |
| Dividend distribution | | | | | | | | | | | - | |
| Purchase of own shares | | (142,775) | | | (56,858) | | | | | | (199,633) | |
| Sale of own shares | | | | | | | | | | | - | |
| Changes in consolidated companies | | | | | | 215,496 | | | | | 215,496 | |
| Profit (loss) of the period | | | | | | | | 2,855,879 | 406,642 | 2,855,879 | 2,855,879 | |
| Net income / (expense) for the period recognized in equity | | | | | (98,476) | | (108,917) | | | (207,393) | (207,393) | |
| **Balance at 31/12/2013** | **26,979,658** | **(636,787)** | **18,081,738** | **2,907,138** | **15,031,113** | **5,975,474** | **151,012** | **2,855,879** | **1,906,914** | **2,648,486** | **71,194,213** | **69,287,299** |

# Consolidated Cash Flow Statement

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Operating activities: | | |
| Profit (loss) | 2,855,879 | 2,424,481 |
| Amortisation, depletion and depreciation of assets | 3,591,728 | 3,341,681 |
| Provision for Severance Pay Fund | 4,056,182 | 4,012,832 |
| Advances/Payments Severance Pay | (4,040,946) | (3,945,910) |
| Adjustment of value of financial assets | | |
| **Cash flow arising from operating activities** | **6,462,843** | **5,833,084** |
| Increase/Decrease in net working capital: | | |
| Variation in stock and payments on account | 1,267,303 | 12,775,740 |
| Variation in receivables to customers | 6,397,885 | (4,464,039) |
| Variation in receivables to parent/subsidiary/associated company | (501,227) | (344,815) |
| Variation in other accounts receivable | (2,305,775) | 1,787,969 |
| Variation in payables to suppliers | 2,252,319 | (1,310,201) |
| Variation in payables to parent/subsidiary/associated company | (72,505) | 62,564 |
| Variation in tax and social security liabilities | (2,613,328) | 4,263,515 |
| Variation in other accounts payable | 1,374,974 | (9,445,520) |
| **Cash flow arising (used) from current assets and liabilities** | **5,799,646** | **3,325,213** |
| | | |
| **Cash flow arising (used) from current activities** | **12,262,489** | **9,158,297** |
| Investment activities: | | |
| Variation in tangible assets | (2,910,014) | (2,121,698) |
| Variation in intangible assets | (2,213,412) | (2,667,000) |
| Variation in financial assets | 158,045 | (1,258,447) |
| **Cash flow arising (used) from investment activities** | **(4,965,382)** | **(6,047,144)** |
| Financial activities: | | |
| Changes in financial assets not held as fixed assets | (324,912) | (513,913) |
| Variation in other reserves | (342,542) | (2,276,065) |
| **Cash flow arising (used) from financial activities** | **(667,454)** | **(2,789,979)** |
| **Increase (decrease) in cash** | **6,629,654** | **321,174** |
| Banks and cash profits at start of year | 5,343,335 | 7,473,881 |
| Banks and cash losses at start of year | (49,376,132) | (51,827,852) |
| Banks and cash profits at end of period | 7,249,547 | 5,343,335 |
| Banks and cash losses at end of period | (44,652,690) | (49,376,132) |
| **Increase (decrease) in liquidity** | **6,629,654** | **321,174** |

# EXPLANATORY NOTES FOR EXPRIVIA S.P.A. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

## 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 2013, 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

## 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 2012 and 2013".

### 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.

### IAS 19 (2011) (Employee benefits)

EC Regulation No. 475-2012 was issued in June 2012. It implemented the revised version of accounting policy IAS 19 (*Employee Benefits*) throughout the European Community and must be applied starting from 1 January 2013 in keeping with the retrospective method, as required by IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors*).

IAS 19 (2011) particularly requires that changes in actuarial gain/loss ("remeasurements") amongst the other comprehensive income statement components be recorded for the defined benefit plans, in this way eliminating the other previously envisaged options (including the one adopted by Exprivia Group, which recognised said components as Staff costs in the separate income statement). The cost regarding service and the interest payable concerning the "time value" component in the actuarial calculations are still 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 shareholdings 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 associated companies. 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 interests. The book value of consolidated investments is therefore eliminated against the net equity. The transactions, balances and profit and loss not realised on intercompany transactions are eliminated. The amounts of net equity and the accrued results of minority interests are shown in a specific entry under net equity and on a separate line of the consolidated Income Statement.

After the acquisition, investments in associated companies are recognised using the net equity method while showing the Group's share of the result in the income statement and movements of reserves under net equity. Profit and loss not realised on intercompany transactions are eliminated in the amount of the interest. When the Group's portion of losses in an associated company is equal to or higher than the value of the interest, the group does not recognise further losses unless it has obligations to cover losses or has made payments on behalf of the associated company.

## CONSOLIDATION OF FOREIGN COMPANIES

All assets and liabilities of foreign companies in currency other than the Euro and that fall within the 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. The exchange differences arising from the application of this method are classified under net equity until disposal of the investment. In preparing the consolidated financial statements we used the average exchange rates to convert foreign subsidiary cash flows.

Goodwill and fair value adjustments generated by the acquisition of a foreign entity are recorded in the relevant currency and are converted using the exchange rate effective at the end of the accounting period. The primary exchange rates used for conversion into Euro of the financial statements of foreign companies for 2013 were as follows:

| Exchange rate | EUR to GT | EUR to MX | EUR to PE | EUR to REAL |
|---|---|---|---|---|
| 31/12/2013 | 10,82 | 18,07 | 3,86 | 3,26 |
| Year average 2013 | 10,43 | 16,96 | 3,59 | 2,87 |

## INVESTMENTS IN OTHER COMPANIES

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

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

## BUSINESS COMBINATIONS

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

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

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

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

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

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

If the initial values of a business combination are incomplete at the end of the financial year when the acquisition took place then the Group reports the provisional values in its consolidated financial statements. These provisional values are adjusted in the measurement period to take into account any new information obtained on facts and circumstances existing at the acquisition date that, if known, would have affected the value of the assets and liabilities recognised on that date.

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

# VALUATION POLICIES

The accounting standards adopted for drawing up the consolidated financial statements are the same as those adopted for drawing up the consolidated financial statements of the Group for the financial year which closed as at 31 December 2012, with the exception of adjustments made to comply with amendments/updates to international accounting standards. Accounting policy IAS 19 (2011) was applied for the first half-year period of 2013.

## INTANGIBLE FIXED ASSETS

Intangible fixed assets are recognised at the cost of acquisition or production. Acquisition cost is the price paid to acquire the asset. The cost of acquisition is the equivalent cash price as at the date of accounting. Therefore, if payment is deferred beyond the normal terms of credit, the difference compared to the equivalent cash price is accounted for as interest throughout the period of extension. For intangible assets generated internally the process to form the asset is separated into two stages: research (not capitalised) and development (capitalised). If the two stages cannot be distinguished, the whole project is considered as research.

## 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 ("impairment test"). 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 business and any other cost incurred to prepare the asset for use. The price paid to acquire or produce the asset is the cash price equivalent at the time of accounting; therefore, if payment is deferred beyond normal credit extension terms, the difference with respect to the equivalent cash price is recorded as interest for the extension period. The financial charges incurred for the acquisition or production of the asset are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of leased assets is done only in so far as they satisfy the requirements for being classified as an asset or part of an asset.

After initial recognition tangible assets, with the exception of buildings, are entered at cost, net of accumulated depreciation and any impairment. The depreciated value of each significant component of a tangible asset, with a different useful life, is amortised by the straight-line method over the expected period of use. Considering the homogeneity of the assets included in the individual categories of the financial statements, it is assumed that the useful life per category of assets is the following (with the exception of certain significant cases):

| | |
|---|---|
| **Land** | indefinite useful life |
| **Buildings** | 33 years |
| **Plant and Machinery** | 4 – 7 years |
| **Office Furnishings and Electronic Equipment** | 5 – 8 years |
| **Equipment and Vehicles** | 4 - 7 years |

The 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 carrying amount, an impairment test is performed to determine any loss of value (see next paragraph). A reversal is applied if the conditions at the basis of the impairment no longer apply.

## LEASED ASSETS

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

Amounts owed to the lessor are included in the financial statements under 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 balance sheet date. If those indicators are found the recoverable value of the asset is estimated (impairment test) and a write-down is recognised where necessary. Regardless of the existence of the indicators, an impairment test is carried out at least once a year for the assets recognised during the financial year in progress and for goodwill.

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

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

## FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified into the following categories:

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

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

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

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

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

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

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

## INVENTORIES

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

## CASH AT BANK AND ON HAND

Cash at bank and on hand consists of short-term investments (generally not exceeding three months), easily convertible into 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, liquid assets are made up of cash, demand deposits at banks, short-term, highly liquid financial assets (original maturity not exceeding three months), and overdraft facilities. Current account overdrafts are carried under current financial liabilities.

## SHAREHOLDER'S EQUITY

### Share capital

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

### Treasury shares

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

### Share premium reserve

The share premium reserve 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 proceeds and expenses recognised under net equity.

## EMPLOYEE BENEFITS

### Short-term benefits

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

### Defined benefit plans

The Group grants its employees benefits under the Employee Severance Indemnity Fund (TFR). These benefits fall within the definition of: defined benefit plans, the existence and amount of which are determined but their maturity date is uncertain.
Recognition of the changes in actuarial gain/loss for the years 2012 and 2013 was reclassified amongst the other comprehensive income statement components after the revised version of accounting policy IAS 19 (Employee benefits) was adopted.
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 due date deriving from past events whose fulfilment will entail the use of economic resources. The amounts are only set aside if there is a current, legal or implicit obligation which makes the use of economic resources necessary, provided a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the expense to fulfil the obligation as at the balance sheet date. Provisions set aside are reviewed at every balance sheet date and adjusted to ensure they are the best current estimate.

## DERIVATIVE INSTRUMENTS

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

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

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

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

## ASSET TRANSFERS

The Group can assign its own trade receivables through factoring. The assets transferred by way of factoring transactions, which comply with the requirements established by IAS 39, are derecognised from the balance sheet.

## REVENUE AND EXPENSES

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

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

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

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

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

## TAXES

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

In addition, deferred taxes and those paid in advance are recognised on the temporary differences between the values carried in the financial statements and the corresponding values recognised for tax purposes, and showing accumulated tax losses or unused tax credits, provided it is probable that the recovery (discharge) reduces (increases) future tax payments with respect to those that would have occurred if that recovery (discharge) had not had any tax effect. The tax effects of transactions or other events are recognised in the income statement or directly under net equity using the same methods used to recognise transactions or events that result in taxation.

## EARNINGS PER SHARE

Earnings per share is calculated by dividing net profit for the period attributable to ordinary shareholders of the 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 2013 include the capital, economic and financial situations of the Holding Company Exprivia S.p.A. and subsidiaries.

It should be noted that the change that occurred is attributable to the mergers within the Group in 2013, see the section "Significant events: company events and acquisitions/sales”.

The table below shows the companies under consolidation:

| Company | Area |
|---|---|
| Consorzio Exprivia | Energy and Telco |
| Exprivia Projects Srl | Utilities |
| Exprivia Do Brasil | Spain and the Americans |
| Exprivia SL | Spain and the Americans |
| Exprivia Healthcare IT Srl | Healthcare/ Public Administrations |
| ProSap Group | Spain and the Americans |
| Exprivia Enterprise Consulting Srl | Industry, Aerospace and Media/Public Administration/Utilities/ Banks and Finance/ Energy and Telco/Healthcare/Energy and Telco |
| SiSpa Srl | Banks and Finance |
| Spegea Scarl | Other |

The table below provides the main data on the aforementioned subsidiaries consolidated using the line-by-line method.

Farm Multimedia S.r.l., in liquidation, 100% owned, is not included in the consolidation area as it is considered irrelevant.

| 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 | (705) | 12,309 | | 20,932 | 100.00% |
| Expriva SL | Madrid (Spagna) | 8,250 | 371,037 | 1,074,031 | 2,944,614 | 2,499,921 | 60.00% |
| Exprivia Enterprise Consulting Srl | Milano | 1,500,000 | (1,225,789) | 1,742,383 | 16,452,681 | 13,350,076 | 100.00% |
| Exprivia Healthcare IT Srl | Trento | 1,548,000 | 1,687,686 | 4,895,563 | 18,424,377 | 20,406,000 | 100.00% |
| Exprivia Do Brasil Servicos Ltda | Rio de Janeiro (Brasile) | 823,068 | 105,960 | 2,010,690 | 1,568,338 | 2,390,415 | 52.22% |
| Exprivia Projects Srl | Roma | 242,000 | (621,089) | 54,240 | 8,019,045 | 2,874,152 | 100.00% |
| Gruppo ProSap | Madrid (Spagna)/Città del Messico/Città del Guatemala | 197,904 | 608,531 | 815,330 | 9,761,023 | 6,446,604 | 51.12% |
| SiSpa Srl | Milano | 580,000 | 1,018,057 | 2,421,984 | 7,108,589 | 3,832,646 | 100.00% |
| Spegea Sc a rl | Bari | 125,000 | (146,850) | 295,151 | 1,202,955 | 1,546,032 | 60.00% |

# 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**" amounted to Euro 13,094,664 compared to Euro 11,720,914 as at 31 December 2012.

| Categories | Historical cost 01/01/13 | Inc. | Dec. | Historical cost at 31/12/13 | Reserve prov. at 01/01/13 | Provision for period | Dec. | Cum. prov. | Net value at 31/12/13 |
|---|---|---|---|---|---|---|---|---|---|
| Land | 247,716 | 110,226 | - | 357,942 | - | - | - | - | 357,942 |
| Buildings | 8,158,413 | 242,762 | (11,859) | 8,389,316 | (1,936,662) | (267,686) | - | (2,204,348) | 6,184,968 |
| Others | 18,011,806 | 290,103 | (1,159,276) | 17,142,633 | (13,658,685) | (1,268,578) | 1,125,484 | (13,801,779) | 3,340,849 |
| Fixed assets in progress | 898,331 | 2,312,575 | - | 3,210,906 | - | - | - | - | 3,210,906 |
| **TOTAL** | **27,316,265** | **2,955,665** | **(1,171,135)** | **29,100,795** | **(15,595,347)** | **(1,536,264)** | **1,125,484** | **(16,006,127)** | **13,094,664** |

The increase in the item **"other"**, equal to Euro 290,103, is mainly due to the purchases of electronic office equipment (Euro 229,963) and furniture and furnishings (Euro 17,306); the decrease in the period, equal to Euro 1,159,276, is primarily attributable to the disposal of electronic office equipment (Euro 1,038,952) and furniture and furnishings (Euro 107,963) deemed obsolete and to the sale of electronic office equipment (Euro 118,729).

The change in the item **"work in progress"**, amounting to Euro 2,313,575, relates, for Euro 2,206,762, to costs incurred for construction works on the branch in Molfetta – Via Giovanni Agnelli (for further information, please refer to the section "Investments") and for Euro 105,814 for the restructuring of buildings at the Holding Company Exprivia S.p.A.'s headquarters (for further information, please refer to the section "Investments").

It should be noted that the net book value of leased assets came to Euro 1,060,455 and relates to electronic office equipment (Euro 552,220), furniture and furnishings (Euro 431,163), vehicles (Euro 61,674) and telephone systems (Euro 15,408). It should also be noted that minimum future payments within one year amount to Euro 345,443, while those due in one to five years amount to Euro 489,948.

# GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

The item "**goodwill and other assets with an indefinite useful life**" amounted to Euro 68,928,041 as at 31 December 2013 compared to Euro 69,069,817 as at 31 December 2012.

The table below provides details on the items:

| Categories | Historical cost 01/01/13 | Total historical cost at 31/12/13 | Dep. previsios | Dep. | Accum. deprec. | Net value at 31/12/13 |
|---|---|---|---|---|---|---|
| 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 | (315,457) | (29,444) | (344,901) | 18,286,997 |
| DIFFERENCE FROM CONSOLIDATION | 40,192,948 | 40,192,948 | (547,540) | (112,332) | (659,872) | 39,533,078 |
| **TOTAL** | **69,932,813** | **69,932,813** | **(862,997)** | **(141,776)** | **(1,004,773)** | **68,928,041** |

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. merged in Exprivia Enterprise Consulting Srl | 30/11/09 | 76% | 89,600 |
| Exprivia Do Brasil | 31/10/11 | 52% | 338,668 |
| Exprivia Projects Srl | 11/06/04 | 100% | 1,334,500 |
| Exprivia Solutions Srl merged in Exprivia Spa | 14/04/05 | 100% | 512,662 |
| GST S.r.l. merged in Exprivia Healthcare IT Srl | 14/04/05 | 100% | 304,577 |
| ProSap Sl | 30/09/10 | 51.12% | 2,217,105 |
| Network Services Srl merged in Exprivia Spa | 31/10/08 | 100% | 463,428 |
| Realtech Srl merged in Exprivia Enterprise Consulting Srl | 01/04/11 | 100% | 740,380 |
| SiSpa Srl | 30/06/11 | 100% | 3,251,885 |
| Svimservice Srl now Exprivia Healthcare IT Srl | 30/11/07 | 100% | 22,309,288 |
| Wel.Network Srl now Exprivia Enterprise Consulting Srl | 30/11/07 | 100% | 7,970,984 |
| **TOTAL** | | | **39,533,078** |

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 net equity at the date of acquisition.

The table below shows the item "Consolidation Difference" with the changes arising as at 31 December 2013 compared to 31 December 2012.

| Company | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Datilog Srl merged in Exprivia Enterprise Consulting Srl | 89,600 | 89,600 | - |
| Exprivia Do Brasil | 338,668 | 338,668 | - |
| Exprivia Projects Srl | 1,334,500 | 1,334,500 | - |
| Exprivia Solutions Srl merged in Exprivia Healthcare IT Srl | 512,662 | 512,662 | - |
| GST S.r.l. merged in Exprivia Healthcare IT Srl | 304,577 | 304,577 | - |
| Network Service Srl merged in Exprivia Spa | 463,428 | 575,761 | (112,333) |
| ProSap Group | 2,217,105 | 2,217,105 | - |
| Realtech Srl merged in Exprivia Enterprise Consulting Srl | 740,380 | 740,380 | - |
| SiSpa Srl | 3,251,885 | 3,251,885 | - |
| Svimservice Srl now Exprivia Healthcare IT Srl | 22,309,289 | 22,309,289 | - |
| Wel.Network Srl now Exprivia Enterprise Consulting Srl | 7,970,984 | 7,970,984 | - |
| **TOTAL** | **39,533,078** | **39,645,410** | **(112,333)** |

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

### 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.

- as a result of the internal restructuring which resulted in combinations and changes to the composition of CGUs on which an impairment test had been conducted on 31 December 2012, goodwill previously allocated in accordance with the allocation criteria outlined in the previous points was reallocated.

The table below summarises allocation of goodwill to CGUs identified:

| Goodwill and other intangible assets with indefinite useful lives | Value at 31/12/2013 | POLO Finance | POLO HEALTHCARE | **POLO SAP** | IM | PTU | **OGT** | PAC | Prosap | Exprivia do Brasil |
|---|---|---|---|---|---|---|---|---|---|---|
| COST OF GOODWILL ABACO MERGER | £ 461,168 | £ 135,062 | | £ 109,065 | £ 95,636 | £ 115,281 | | £ 6,125 | | |
| GOODWILL OF ABACO INF.SERVICES | £ 14,715,575 | £ 4,309,741 | | £ 3,480,184 | £ 3,051,668 | £ 3,678,545 | | £ 195,438 | | |
| GOODWILL DIVESTMENT AIS PS BRANCH | £ 1,767,655 | £ 517,692 | | £ 418,044 | £ 366,570 | £ 441,872 | | £ 23,476 | | |
| GOODWILL DIVESTMENT KSTONES BRANCH | £ 517,714 | £ 151,623 | | £ 122,438 | £ 107,362 | £ 129,416 | | £ 6,876 | | |
| DIFFERENCE EXPRIVIA SOLUTIONS | £ 1,088,422 | £ 318,765 | | £ 257,408 | £ 225,713 | £ 272,080 | | £ 14,455 | | |
| DIFFERENCE EXPRIVIA PROJECTS | £ 1,334,500 | £ 390,834 | | £ 315,605 | £ 276,744 | £ 333,593 | | £ 17,723 | | |
| DIFFERENCE ETA BETA MERGER | £ 3,040,710 | £ 3,040,710 | | | | | | | | |
| DIFFERENCE ETA BETA MERGER | £ 3,913,764 | | £ 3,913,764 | | | | | | | |
| GOODWILL (AURORA) | £ 1,406,955 | | £ 1,406,955 | | | | | | | |
| GOODWILL (WEL.NETWORK) | £ 3,571,424 | | | £ 3,571,424 | | | | | | |
| DIFFERENCE CONS. GST SRL | £ 304,577 | | £ 304,577 | | | | | | | |
| DIFFERENCE CONS. SVIMSERVICE | £ 22,309,288 | | £ 22,309,288 | | | | | | | |
| DIFFERENCE CONS. WEL.NETWORK | £ 7,970,984 | | | £ 2,837,849 | | | **£ 5,133,135** | | | |
| DIFFERENCE CONS. DATILOG | £ 89,600 | | | **£ 89,600** | | | **£ -** | | | |
| DIFFERENCE CONS. PROSAP GROUP | £ 2,217,105 | | | | | | **£ -** | | £ 2,217,105 | |
| DIFFERENCE CONS. REALTECH | £ 740,380 | | | **£ 740,380** | | | **£ -** | | | |
| DIFFERENCE CONS. SISPA | £ 3,251,885 | £ 3,251,885 | | | | | £ - | | | |
| DIFFERENCE CONS. EXPRIVAI DO BRASIL | £ 338,668 | | | £ - | | | £ - | | | £ 338,668 |
| | £ 69,040,374 | £ 12,116,312 | £ 27,934,584 | £ 11,941,996 | £ 4,123,694 | £ 4,970,787 | £ 5,133,135 | £ 264,093 | £ 2,217,105 | £ 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, the cash flow projections used to measure value are part of a five-year plan that forecasts, for the first year, growth levels in line with the annual budget and, prudently, limited levels of growth for the next four years. Given the explanations above, the plan should be considered drawn up strictly for the purpose of this test, and in this sense, approved by the Board of Directors.

Therefore, the cash flow projections used to measure value are part of a five-year plan that forecasts, for the first year, growth levels in line with the annual budget 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 ot the percentuale cash flow generated from the last forecast year discouted ot 20% |
| **Tasso di attualizzazione** | |
| RISK FREE RATE (Avarage yield 2012 on ten-year BTP) | 4.3% |
| MARKET RISK PREMIUM | 5.7% |
| BETA | 0.870 |
| WACC PRE TAX | 10.59% |

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 5,377,529 as at 31 December 2013 (net of amortisation) compared to Euro 5,077,805 as at 31 December 2012.

The table below provides a summary of the item.

| Categories | Historic cost 01/01/13 | Increases at 31/12/13 | Dec. al 31/12/13 | Total historic cost at 31/12/13 | Deprec. fund at 01/01/13 | Deprec. quota for period | Decrementi | Cumulated deprec. 31/12/13 | Net value at 31/12/13 |
|---|---|---|---|---|---|---|---|---|---|
| Cost of plant and extension | 119,588 | - | - | 119,588 | (119,588) | - | - | (119,588) | - |
| Development of advertising | 30,656,301 | 1,484,506 | (1,097,954) | 31,042,853 | (27,606,939) | (1,523,405) | 1,097,954 | (28,032,390) | 3,010,464 |
| Patents and Intellectual Property Rights | 2,734,348 | 50,909 | (109,022) | 2,676,235 | (2,754,896) | 15,722 | 63,942 | (2,675,232) | 1,001 |
| Permits, brands | 436,379 | 1,764 | - | 438,143 | (227,660) | (22,138) | - | (249,798) | 188,344 |
| Assets under constr. & payment on a/c | 680,446 | 128,481 | (60,000) | 748,927 | - | - | - | - | 748,927 |
| Sundries | 3,906,928 | 731,570 | - | 4,638,498 | (2,747,098) | (502,608) | - | (3,249,706) | 1,388,792 |
| **TOTAL** | **38,533,990** | **2,397,230** | **(1,266,976)** | **39,664,244** | **(33,456,181)** | **(2,032,429)** | **1,161,896** | **(34,326,713)** | **5,337,529** |

The increase of Euro 2,397,230 in the period mainly pertains to Euro 1,484,506 for investments in **development** of software applications for banking, medical and manufacturing segments, Euro 599,697 for **purchasing software licenses** and Euro 128,481 for investments in **development** to execute projects not yet amortised.

# INVESTMENTS

The item "**investments**" as at 31 December 2013 amounted to Euro 872,785 compared to Euro 1,121,934 as at 31 December 2012.

The composition of equity investments is described below.

## Investments in subsidiaries

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

## Investments in associated companies

The item **"investments in associated companies"** amounted to Euro 15,613 as at 31 December 2013 compared to Euro 218,599 as at 31 December 2012 and refers to the value of the equity investment in Consorzio S2B, which fell by Euro 20,415 compared to 31 December 2012, to adjust it to the value reported in the distribution plan communicated by the liquidator. The additional change amounting to Euro 182,571 is due to the sale of the investments Traxall Srl and Pervoice S.p.A., as previously described in the section "Significant Events".

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

## Investments in other companies

The item "**investments in other companies**" at 31 December 2013 amounted to Euro 857,172 compared to Euro 903,335 as at 31 December 2012.

The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | 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 | 740,816 | - |
| 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 | (50,000) |
| Partecipazione Consorzio Daisy-Net | 13,939 | 13,939 | - |
| Cattolica Popolare Soc. Cooperativa | 23,491 | 23,491 | - |
| Banca di Credito Cooperativo | 2,461 | 2,461 | - |
| Partecipazione Consorzio SILAB-Daisy | 1,837 | | 1,837 |
| Partecip. ENFAPI CONFIND | 1,033 | 1,033 | - |
| Partecipazione Consorzio GLOCAL ENABLER | 2,000 | | 2,000 |
| Consorzio Heath Innovation HUB | 3,000 | 3,000 | - |
| Consorzio Semantic Valley | 1,500 | 1,500 | - |
| **TOTAL** | **857,172** | **903,335** | **(46,163)** |

# OTHER FINANCIAL ASSETS

## Other receivables

As at 31 December 2013 the item "**other receivables**" amounted to Euro 1,837,134 compared to Euro 1,977,936 as at 31 December 2012. The change is shown in the table below.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Long term deposit | 244,091 | 253,185 | (9,094) |
| Financial recivables | 7,922.00 | 33,517 | (25,595) |
| Tax credits | 1,585,121 | 1,691,234 | (106,113) |
| **TOTAL** | **1,837,134** | **1,977,936** | **(140,802)** |

The amounts required for application for the refund relating to the deductibility of the IRAP tax calculated on staff costs, which generated a recovery of IRES tax, are recorded in the item "**tax receivables**". The refunds for the years 2009 to 2011 are recognised in the item, while those relating to 2007 and 2008 are included in the item "**current receivables from tax authorities**".

## DEFERRED TAX ASSETS

The item "**deferred tax assets**" amounted to Euro 1,568,095 compared to Euro 1,336,189 as at 31 December 2012, and refers to taxes on temporary changes either deductible or that will be future tax benefits. They are stated in the financial statements if it is very likely they will be recovered, and are measured on the basis of the ability to generate taxable income in future years.

# CURRENT ASSETS

## TRADE RECEIVABLES AND OTHERS

### Trade receivables

As at 30 June 2013 the item "**trade receivables**" amounted to Euro 56,217,164 (net of the bad debts provision) compared to Euro 62,615,049 as at 31 December 2012.

The following table provides details on the item as well as a comparison with 31 December 2012.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| To Italian customers | 44,111,060 | 48,762,202 | (4,651,142) |
| To foreign customers | 7,374,059 | 5,360,541 | 2,013,517 |
| To public bodies | 8,398,794 | 12,162,711 | (3,763,917) |
| **S-total receivables to customers** | **59,883,913** | **66,285,454** | **(6,401,542)** |
| Less: provision for bad debts | (3,666,749) | (3,670,406) | 3,656 |
| **Total receivables to customers** | **56,217,164** | **62,615,049** | **(6,397,885)** |

Trade receivables were made up as specified below.

| Details | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| To third parties | 50,857,199 | 55,933,944 | (5,076,744) |
| Invoices for issue to third parties | 9,026,714 | 10,351,511 | (1,324,797) |
| **TOTAL** | **59,883,913** | **66,285,454** | **(6,401,542)** |

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 the amount that had been accrued up to December included and the amount that will be invoiced in the following months.

### Receivables from subsidiaries

As at 31 December 2013, "**receivables from subsidiaries**"**,** amounting to Euro 20,388, did not change from 31 December 2012 and pertain to receivables due from the subsidiary Farm Multimedia S.r.l. in liquidation (written down in full).

### Receivables from parent companies

The balance of **"receivables from parent companies"** amounted to Euro 1,675,417, compared to Euro 1,049,347 as at 31 December 2012, and relates to receivables due to the Holding Company Exprivia S.p.A. from the parent company Abaco Innovazione S.p.A.. Some of the receivables (Euro 1,598,933) are of the interest-bearing financial type.

### Other receivables

The item "**other receivables**" amounted to Euro 14,288,417, compared to Euro 11,610,375 as at 31 December 2012.

The table below shows movements that occurred.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Receivables for contrib. | 11,073,183 | 9,229,255 | 1,843,928 |
| Advances on grants for projects completed | (2,650,722) | (2,704,662) | 53,940 |
| Receivables to s/holders for holdings/spin-offs | 19,109 | 19,109 | - |
| Advances to suppliers for services | 245,943 | 160,573 | 85,370 |
| Sundry credits | 65,498 | 224,537 | (159,039) |
| Receivables to factoring | 1,014,829 | 1,826,002 | (811,173) |
| Receivables to welfare institutes/INAIL | 5,109 | 18,466 | (13,357) |
| Receivables to employees | 97,732 | 118,300 | (20,568) |
| Receivables INPS for CIG | 2,084 | 2,084 | - |
| Guaranteed securities | 98,764 | 91,869 | 6,895 |
| Costs in future years expertise | 4,316,888 | 2,624,842 | 1,692,046 |
| **TOTAL** | **14,288,417** | **11,610,375** | **2,678,042** |

The amounts receivable in relation to "**government grants**" refer to provisional and definitive 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 completed research programmes, the advances received, totalling Euro 2,650,722, are reclassified to reduce receivables.

The item "**expenses pertaining to future financial years**" for Euro 4,316,888 mainly refers to maintenance and leasing costs for future reporting periods.

### Tax receivables

As at 31 December 2013 the item "**tax receivables**" amounted to Euro 1,131,054, compared to Euro 1,503,321 as at 31 December 2012. The table below provides a breakdown.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Receivables to tax a/c - IRES | 83,337 | 68,218 | 15,119 |
| Receivables to tax a/c - IRAP | 31,755 | 27,471 | 4,284 |
| Tax authority w/holding taxes on interest income | - | 103 | (103) |
| Tax authority deductions on foreign payments | 125,429 | 38,125 | 87,304 |
| Credits to tax authority for VAT | 178,272 | 424,286 | (246,014) |
| Credits on substitute severance fund tax | - | 6,744 | (6,744) |
| Credits with tax authority | 712,261 | 902,511 | (190,250) |
| Advanced Tax Credits | - | 18,193 | (18,193) |
| Art. 8 tax credits | - | 17,670 | (17,670) |
| **TOTAL** | **1,131,054** | **1,503,321** | **(372,267)** |

## INVENTORIES

"**Inventories**" amounted to Euro 449,799 compared to Euro 171,054 as at 31 December 2012 and refer to software and hardware purchased by group companies and destined to be resold in future periods.

## WORK IN PROGRESS CONTRACTS

"**Work in progress contracts**" amounted to Euro 12,214,932 compared to Euro 14,377,957 as at 31 December 2012 and refers to the percentage of completion of contracts in progress pertaining to the reporting period.

## CURRENT FINANCIAL ASSETS

## CASH AT BANK AND ON HAND

The item "**cash at bank and on hand**" amounted to Euro 7,249,547 compared to Euro 5,343,335 as at 31 December 2012 and refers to Euro 7,199,765 held at banks and Euro 49,782 in cheques and cash in hand.

# SHAREHOLDERS' EQUITY

## SHARE CAPITAL

"**Share Capital**", fully paid up, amounted to Euro 26,979,658.16 and is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52 each. This is the same as at 31 December 2012.

## TREASURY SHARES

As at 31 December 2013 "**treasury shares**" amounted to Euro -636,787.32 compared to Euro -494,012.48 as at 31 December 2012 and the amount refers to the purchase of treasury shares under the plan approved by the shareholders' meeting of 18 April 2013. The number of treasury shares amounts to 1,005,862.

## SHARE PREMIUM RESERVE

As at 31 December 2013 the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as at 31 December 2012.

## REVALUATION RESERVE

As at 31 December 2013 the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as at 31 December 2012.

## OTHER RESERVES

The item "**other reserves**" amounted to Euro 15,031,113 compared to Euro 12,582,424 as at 31 December 2012 and pertains to:

- Euro 3,312,804 for the "**legal reserve**", which rose by Euro 130,201 compared to 31 December 2012 after allocation of profit from the previous year, as resolved by the shareholders' meeting of 18 April 2013;
- Euro 263,790 for the "**extraordinary reserve**" compared to Euro 1,636,092 as at 31 December 2012. The change pertains to allocation of the 2012 profit and part of the reserve to a restricted reserve, as resolved by the Exprivia S.p.A. shareholders' meeting of 18 April 2013.
- Euro 7,904,776 to the "**Provision for Investments in the Puglia Region 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" (project S.D.I.), which remained unchanged with respect to 31 December 2012;
- Euro 3,846,124 to the "**Puglia Digitale Project Reserve**" created in connection with the investment programme called "Puglia Digitale Project" as resolved by the Exprivia shareholders' meeting on 18 April 2013;
- Euro -577,123 for "**other reserves**" compared to Euro -526,578 as at 31 December 2012. The change of Euro 50,545 pertains to the share premium value resulting from transactions to purchase and sell treasury shares.
- Euro 82,743 for the **"reserve for actuarial (gains) pursuant to IAS 19"** created as a result of the change to IAS 19 (2011) which requires actuarial gains/losses ("remeasurements") to be recognised in equity reserves;

- Euro -22,754 for the **"reserve for the tax effect of IAS 19"** relating to the tax effect of the recognition of actuarial gains/losses;
- Euro 220,754 for the "**IAS/IFRS tax effect reserve**" represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2012.

## PROFIT FROM PREVIOUS PERIODS

As at 31 December 2013 **profit from previous periods** amounted to Euro 5,975,474 compared to Euro 6,199,449 as at 31 December 2012.

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

| DESCRIPTION | Result to 31/12/2012 | Sundries | Net Worth at 31/12/2012 | Result for period to 31/12/2013 | Sundries | Net Worth at 31/12/2013 |
|---|---|---|---|---|---|---|
| **Exprivia S.p.A.** | **2,604,023** | **(2,079,345)** | **62,660,968** | **4,977,306** | **(117,296)** | **67,520,977** |
| Contribution of subsidiaries | 5,757,633 | | 25,657,551 | 1,669,444 | | 27,326,995 |
| Depreciation and cover for losses of subsidiaries | | | 3,322,000 | 327,435 | | 3,649,435 |
| Elimination capital gain divestment of Exprivia Projects branch/Elimination Svimservice dividends | (4,000,235) | | (17,844,390) | (1,888,450) | | (19,732,840) |
| Elimination intercompany licence purchases/Elimination WelNetwork dividends | (1,936,940) | | (4,856,782) | (2,229,854) | | (7,086,636) |
| Elimination capital gain divestment AIS Professional branch | | | (1,767,655) | | | (1,767,655) |
| Variation in consolidation of companies | | (196,721) | 1,509,183 | | (225,246) | 1,283,937 |
| Contribution of third parties to net worth | | (208,418) | (1,500,272) | | (406,641) | (1,906,913) |
| **TOTAL GROUP NET WORTH** | **2,424,481** | **(2,484,484)** | **67,180,603** | **2,855,880** | **(749,183)** | **69,287,299** |

# NON-CURRENT LIABILITIES

## NON-CURRENT BANK DEBT

As at 31 December 2013 the item "non-current bank debt" amounted to Euro 8,531,974 compared to Euro 9,551,977 as at 31 December 2012, and pertains to medium-term borrowing from major credit and financial institutions and to low-interest loans for specific investments programmes.

The table below provides details on the item and breaks down the non-current portion (Euro 8,531,974) and the current portion (Euro 10,937,783).

| Financial Institute | Type | Contractual amount | Amount distribuit at 31.12.13 | Date of contract | Expiry date | Repayment date | Rate applied | Residual capital at 31.12.13 | To be repaid in 12 mths | To be repaid beyon 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% | 5,142,853 | 2,571,423 | 2,571,430 |
| Banca Nazionale del Lavoro | Mutual | 2,400,000 | 2,400,000 | 15/10/04 | 30/09/14 | semi-annual | Euribor 6 mesi + 1,2% | 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% | 158,333 | 158,333 | |
| Ministero dell'Università e della Ricerca | Financing | 1,430,905 | 1,243,453 | 12/04/07 | 01/07/15 | semi-annual | 0.50% | 290,510 | 193,420 | 97,090 |
| Ministero dello Sviluppo Economico | Financing | 2,151,000 | 1,787,006 | 27/12/09 | 27/02/19 | annual | 0.87% | 1,090,723 | 177,873 | 912,850 |
| Ministero dell'Università e della Ricerca | Financing | 934,900 | 380,624 | 10/01/08 | 01/07/15 | semi-annual | 0.50% | 104,845 | 69,810 | 35,036 |
| Banca Antonveneta | Financing | 5,000,000 | 5,000,000 | 04/05/10 | 10/05/17 | montly | Euribor 3 mesi + 2,5% | 2,812,006 | 783,852 | 2,028,154 |
| Banco Napoli | Financing | 2,000,000 | 2,000,000 | 20/05/11 | 20/05/16 | montly | Euribor 1 mese + 3,70% | 1,019,649 | 402,228 | 617,421 |
| Credito Emiliano | Financing | 1,000,000 | 1,000,000 | 04/04/11 | 04/04/14 | montly | Euribor 3 mesi + 1,7% | 114,746 | 114,746 | |
| Emilia Romagna Factor | Financing | 3,500,000 | 3,500,000 | 22/07/11 | 31/12/14 | montly | Euribor 3 mesi + 2,75% | 1,166,667 | 1,166,667 | |
| IBM Italia Servizi Finanziari | Financing | 306,856 | 306,856 | 01/05/12 | 01/02/17 | quarterly | 9.66% | 210,210 | 58,112 | 152,098 |
| IBM Italia Servizi Finanziari | Financing | 187,429 | 187,429 | 01/05/12 | 01/02/14 | quarterly | 8.37% | 24,610 | 24,610 | |
| Banca Popolare di Milano | Financing | 2,000,000 | 2,000,000 | 10/12/13 | 30/06/14 | 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% | 680,041 | 680,041 | |
| ICCREA Banca Impresa | Financing | 1,020,000 | 1,020,000 | 18/07/13 | 30/09/18 | quarterly | Euribor 3 mesi + 3,80% | 973,732 | 189,801 | 783,931 |
| Simest | Financing | 1,955,000 | 586,500 | 26/07/13 | 19/04/20 | montly | 0.50% | 586,500 | 58,650 | 527,850 |
| Banca Popolare Pugliese | Financing | 500,000 | 500,000 | 24/10/13 | 24/10/14 | montly | Euribor 6 mesi + 6,50% | 419,019 | 419,019 | |
| Ubi banca | Financing | 2,025,228 | 1,822,705 | 28/12/04 | 05/08/16 | annual | 0.96% | 565,210 | 186,606 | 378,604 |
| Cassa Depositi e Prestiti | Financing | 1,244,100 | 1,119,600 | 27/07/09 | 30/06/14 | semi-annual | 0.50% | 113,231 | 113,231 | |
| Banca Popolare di Bari | Financing | 138,236 | 124,413 | 27/07/09 | 30/06/14 | semi-annual | Euribor 6M + 3,00% | 186,606 | 186,606 | |
| Banca Popolare di Bari | Financing | 3,000,000 | 3,000,000 | 04/12/09 | 31/12/14 | semi-annual | Euribor 6 mesi + 2,5% | 815,716 | 815,716 | |
| Banco Polular | Financing | 100,000 | 100,000 | 25/04/12 | 10/05/19 | semi-annual | 4.84% | 79,288 | 12,086 | 67,202 |
| Banco Polular | Financing | 60,000 | 60,000 | 15/03/13 | 15/09/14 | quarterly | 5.78% | 60,000 | 60,000 | |
| Banco Polular | Financing | 300,000 | 300,000 | 18/10/13 | 10/11/16 | semi-annual | 6.15% | 300,000 | 11,770 | 288,230 |
| Deutsche Bank | Financing | 290,000 | 290,000 | 03/10/13 | 02/10/14 | quarterly | 6.00% | 242,908 | 170,829 | 72,079 |
| Banesto | Financing | 90,000 | 90,000 | 28/10/13 | 28/01/14 | montly | 6.950% | 30,000 | 30,000 | |
| TOTAL | | | | | | | | *19,469,756* | *10,937,783* | *8,531,974* |

## *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:

- 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;
- 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;

- 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, that was fully repaid as at 31 December 2010.

The medium-term loan is secured by the following collateral guarantees:

- 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%;
- a lien on 100% of Svimservice and Wel.Network share capital;
- a second mortgage on property owned by the company in Molfetta in Viale Adriano Olivetti 11/a;
- assignment of receivables and indemnities deriving from Wel.Network S.p.A. and Svimservice S.p.A. acquisition agreements;
- 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* |
|---|---|---|---|---|
| 31.12.2013 | 2.9 | 0.64 | 1.0 | 7,700 |
| 30.06.2014 | 2.3 | 0.56 | 1.0 | 7,700 |
| 31.12.2014 | 2.3 | 0.56 | 1.0 | 6,400 |
| 30.06.2015 | 1.9 | 0.48 | 1.0 | 6,400 |

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 account of the acquisition of equity investments exempt from authorisation or those that received specific written authorisation from the banks.

It should be noted that, on 30 January 2014, the company and the pool of banks, with lead bank BNL, in common agreement, changed the financial parameters set out in the medium-term agreement.

As at 31 December 2013, the financial parameters recorded on the basis of accounting data were respected.

### *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 the 6-month Euribor plus 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 for up to Euro 6,700,000.

As at 31 December 2013 the remaining debt amounted to Euro 282,353 to be repaid within the next twelve months (and therefore recorded under 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.

As at 31 December 2013 the remaining debt amounted to Euro 158,333 to be repaid within the next twelve months (and therefore recorded under current liabilities).

The interest rate applied is the 3-month Euribor plus a 1.50% spread.

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

### *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 on 31 December 2013 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 fixed 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 2013 the remaining debt amounted to Euro 386,908, Euro 192,971 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 193,937 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 Ubi Banca (formerly Centrobanca ) POR Puglia*

A loan resolved for Euro 2,151,000, with Euro 1,787,006 disbursed as at 31 December 2013, 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 fixed 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 2013 the remaining debt amounted to Euro 1,090,632, Euro 177,783 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 912,849 to be repaid in 2014-2019 (carried under non-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 934,900 (entered into by Exprivia Solutions S.p.A., formerly Exprivia S.p.A.) on 10 January 2008, with Euro 380,624 disbursed on 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 fixed 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 2013 the remaining debt amounted to Euro 139,620, Euro 69,636 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 69,984 to be repaid in 2014-2015 (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 the 3-month Euribor plus a 2.5% spread.

As at 31 December 2013 the remaining debt amounted to Euro 2,825,908, Euro 799,374 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 2,026,534 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 20.05.11 to be repaid in monthly instalments starting from 20.06.11 until 20.05.16.

The interest rate applied is the 1-month Euribor plus a 3.70% spread.

As at 31 December 2013 the remaining debt amounted to Euro 1,019,289, Euro 404,400 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 614,889 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 04.04.11 to be repaid in monthly instalments starting from 04.05.11 until 04.04.14.

The interest rate applied is the 3-month Euribor plus a 1.70% spread.

As at 31 December 2013 the remaining debt amounted to Euro 114,472 to be repaid within the next twelve months (and therefore recorded under current liabilities).

There are no collateral guarantees for this loan.

### *Emilia Romagna Factor Loan*

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

The interest rate applied is the 3-month Euribor plus a 2.75% spread.

As at 31 December 2013 the remaining debt amounted to Euro 1,184,426 to be repaid within the next twelve months (and therefore recorded under current liabilities).

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

### *Iccrea Banca Impresa Loan*

A loan of Euro 1,020,000 entered into on 18 July 2013; it is to be repaid in monthly instalments starting from 30.09.2013 until 30.09.2018 and is targeted at supporting international development in Brazil through its subsidiary Exprivia do Brasil.

The interest rate applied is the 3-month Euribor plus a 3.80% spread.

As at 31 December 2013 the remaining debt amounted to Euro 973,732, Euro 189,801 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 783,931 to be repaid in 2014-2018 (carried under non-current liabilities).

The loan is backed by a SACE guarantee of Euro 535,500.

### *Simest Loan*

A loan of Euro 1,955,000 resolved, entered into on 19.04.2013, of which Euro 585,500 disbursed on 26.07.2013, is to be repaid in six-month instalments starting from 19.10.2015 until 19.04.2020. The loan is targeted at supporting international development in China and bears a below-market fixed rate of interest (0.50% yearly).

The debt as at 31 December 2013 totalled Euro 586,500, to be repaid in 2015-2020 (and recorded under non-current liabilities).

There are no collateral guarantees for this loan.

### *Ubi Banca Low-interest Loan*

A loan resolved for Euro 2,025,228, entered into by Svimservice (formerly Exprivia Healthcare IT Srl) on 28 December 2004, with Euro 1,822,705 disbursed as at 31.12.13 to finance a research and development project under the financing law 46/82 F.I.T - Project A17/0472/P concerning: Misura 2.1. Pacchetto Integrato Agevolazioni - PIA Innovazione prevista dal P.O.N. Sviluppo Imprenditoriale Locale" [Measure 2.1. PIA Innovation under P.O.N. Local Entrepreneurial Development]. It expires on 5 August 2016 and bears a below-market fixed rate of interest (0.96% yearly).

This loan was granted under decree no. 127358 of 5 August 2003.

As at 31 December 2013 the remaining debt amounted to Euro 565,210, Euro 186,606 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 378,604 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 (formerly Exprivia Healthcare IT Srl) to execute its development programme through project no. A 20/1469/P 29921-13.

The loan was provided as follows:

- Low-interest loan no. B 69758/01 Euro 1,244,100.00 from Cassa Depositi e Prestiti;
- 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 1,244,102.76 (Euro 1,119,600.00 of which as the low-interest loan and Euro 124,412.76 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 fixed nominal rate (0.50% yearly) payable every six months (deferred).

As at 31 December 2013 the remaining debt of the low-interest loan amounted to Euro 113,231, and is to be repaid within the next twelve months (and therefore recorded under current liabilities).

As at 31 December 2013 the remaining debt amounted to Euro 25,188 and is to be repaid within the next twelve months (and therefore recorded under current liabilities).

### *Banca Popolare di Bari Loan*

A loan of Euro 3,000,000 entered into on 4 December 2009 by Svimservice (formerly Exprivia Healthcare IT Srl) and disbursed on 8 January 2010 and is to be repaid in six-month instalments starting from 30 June 2011 until 31 December 2014.

The interest rate applied is the 3-month Euribor plus a 2.5% spread.

As at 31 December 2013 the remaining debt amounted to Euro 790,528 and is to be repaid within the next twelve months (and therefore recorded under current liabilities).

There are no collateral guarantees for this loan.

### *Banco Popular Loan*

A loan of Euro 100,000 entered into on 25 April 2012 by Exprivia SL, expiring on 10 May 2019 and bearing interest at a fixed rate of 4.84%.

As at 31 December 2013 the remaining debt amounted to Euro 79,288, Euro 12,086 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 67,202 to be repaid in 2014-2019 (carried under non-current liabilities).

### *Banco Popular Loan*

A loan of Euro 300,000 entered into on 18 October 2013 by Exprivia SL, expiring on 10 November 2016 and bearing interest at a fixed rate of 6.15%.

As at 31 December 2013 the remaining debt amounted to Euro 300,000, Euro 11,770 of which is to be repaid within the next twelve months (and therefore recorded under current liabilities) and the remaining Euro 288,230 to be repaid in 2014-2016 (carried under non-current liabilities).

## OTHER FINANCIAL LIABILITIES

As at 31 December 2013 the item "**other financial liabilities**" amounted to Euro 2,349,505 compared to Euro 2,629,146 as at 31 December 2012. The change is shown in the table below.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Payables for purchase of investments | 1,740,396 | 1,740,396 | - |
| Trade payables | 489,948 | 697,665 | (207,717) |
| Due to tax and social security | 119,161 | 191,085 | (71,924) |
| **TOTAL** | **2,349,505** | **2,629,146** | **(279,641)** |

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 the time of the acquisition are reached.

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.

## PROVISION FOR RISKS AND CHARGES

As at 31 December 2013 the item "**provision for risks and charges**" amounted to Euro 1,600,483 compared to Euro 1,612,698 as at 31 December 2012. The breakdown is shown in the table below:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Fund other risks | 152,990 | | 152,990 |
| Fund to cover losses | 35,356 | 35,356 | - |
| Fund for stock related risks | | 231,813 | (231,813) |
| Fund for tax litigation risks | 557,635 | 697,103 | (139,468) |
| Fund for staff related risks | 145,636 | 134,136 | 11,500 |
| Fund for contribution related risks | 692,991 | 498,415 | 194,576 |
| Fund for tax bill related risks | 15,875 | 15,875 | |
| **TOTAL** | **1,600,483** | **1,612,698** | **(12,215)** |

The allocation of Euro 152,990 to the **"provision for other risks"** relates: for Euro 102,990 to the dispute pending before the Court of Milan between Exprivia Enterprise Consulting Srl (which incorporated Realtech Italia) and G&K Management Srl for the request for compensation due to the invalidity of the Temporary Management Contract which, in any event, the company Realtech Italia terminated in September 2013 due to the non-fulfilment of obligations, rejecting the sender's final invoice for fees from October to March based on the alleged assumption of termination for convenience, which, as per the contract, involved the payment of the residual amount until the end of the contract. For this purpose, pending a judgment, an amount of Euro 102,990 was allocated to the provision for other risks, equal to the amounts claimed by GK until December 2013.

Another Euro 50,000 relates to the provision for risks set aside by Exprivia Enterprise Consulting, concerning Realtech AG's criminal claim due to the non-fulfilment of the obligation to retain the name of Realtech Italia until 31.12.13.

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

The provision of Euro 557,635 refers to the "**provision for tax dispute risks**", divided as follows:

- Euro 549,092 for the report on findings issued by the Tax Police on 18 December 2007, which stated that undue deductions had been made following the write-down applied in 2002 on investments in Infusion Spa and AISoftw@re Technologies & Solutions. The investigation report gave rise to five notices of assessment: (i) concerning IRPEG for 2002, (ii) concerning IRPEG and IRAP for 2003, (iii) first-level assessment of consolidated income for 2004, (iv) one second-level assessment on IRES of tax consolidation for 2004 and (v) another notice of assessment on IRAP referring to 2004. The company challenged all of these notices of assessment before the Provincial Tax Commission of Milan, which accepted our claims and issued judgments to cancel the notices of assessment. The Inland Revenue Agency appealed the judgment relating to the 2002 and 2004 assessments with a petition notified on 10 June 2011 and at the second-instance proceedings the Company submitted its counter-claims within the terms of law. By means of ruling filed on 14 May 2012, the Regional Tax Commission confirmed the cancellation of the notices of assessment challenged. In relation to the 2003 assessment, the judgment cancelling the notice of assessment became final since the Inland Revenue Agency failed to appeal the decision.

Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same investigation report of 18 December 2007 and referring to 2005 (IRES and IRAP) and 2006 (IRES), duly challenged by the Company. Section 24 of the Provincial Tax Commission of Bari ruled on the appeals. It cancelled by judgement no. 472413 filed on 12 April 2013 the 2006 IRES write-downs in full and declared several 2005 IRES and IRAP tax write-downs legitimate, lowering the lower losses ascertained to EUR 2,141,000. The Inland Revenue Agency appealed the judgment with a petition notified on 18.11.13 and at the second-instance proceedings the Company submitted its counter-claims within the terms of law;

- 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 an inspection report issued on 7 December 2007, which states that the VAT legal rules were allegedly broken by the company as well as allegations concerning undeclared capital gains, irrelevant entertainment costs and software capitalisation. In May 2010 a petition was submitted to the Provincial Tax Commission of Piacenza. In September 2010 the Commission suspended the effects of the challenged action. The Inland Revenue Agency renounced a specific irregularity they claimed in the assessment (no. 1/2004), which called for taxing capital gains on the sale of Wel.Network Spa (now Srl - limited liability company) 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 (now Srl - limited liability company) submitted an appeal within the terms of law. A copy of the appeal was filed with the Provincial Tax Commission of Piacenza on 10/06/2011 together with numerous documents. On 25 October 2011 the tax commission suspended the effects of the 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 (now Srl - limited liability company) 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 7,379 + Euro 9,650 – 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. In the meantime, on 17 January 2013, Wel.Network was served with the assessed tax resulting from the first instance judgment, amounting to Euro 14,868.41 which was paid by using the provisions of Euro 23,322. On 18 February 2013, the Piacenza Inland Revenue Agency served an appeal against the judgment. On 30 May 2013, the company filed its counter-claims at the Regional Tax Commission of Bologna. The presumed outcome of the appeal also appears to be positive for Exprivia Enterprise Consulting (formerly Wel.Network). Given the Inland Revenue Agency did not provide sufficient evidence to prove their claims, while the company amply demonstrated that no illegal activity was undertaken. Based on these arguments of the attorneys appointed to handle the matter it was not deemed necessary to set up additional special provisions. This position was confirmed by a former company directors involved in the investigation and charged with misconduct was acquitted for not having committed the act. It was the public prosecutor who requested the acquittal and the judgment passed on 10 February 2012.

It should also be mentioned that proceedings under Legislative Decree no. 231/01 are in progress before the Court of Avezzano regarding Exprivia's alleged indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services (which at the time was a subsidiary of the company and now closed) in the official audit report 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23 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. In any case, after a number of postponements the next hearing has been set for 9 May 2014 to examine witnesses, whose failure to appear would lead to a declaration of forfeiture.

The allocation of Euro 145,636 to the "**provision for staff risks**" refers to amounts set aside for current disputes with former employees.

The allocation of Euro 692,991 to the "**provision for grant risks**" refers to 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 amounted to Euro 8,714,511 compared to Euro 8,699,275 as at 31 December 2012. The fund is net of amounts paid to INPS and specific pension funds and was calculated retrospectively in accordance with IAS 19, which makes provision for the recognition of actuarial gains/losses under other comprehensive income, hence eliminating the other options allowed previously (including the one adopted by the Exprivia Group which recorded said components as staff costs in the separate income statement). The cost regarding service and the interest payable concerning the "time value" component in the actuarial calculations are still recognised in the income statement.

## DEFERRED TAX LIABILITIES

The item "**provision for deferred taxes**" amounted to Euro 1,262,729 compared to Euro 1,295,785 as at 31 December 2012, and refers to allocations for temporary changes 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.

As at 31 December 2013 the basic and diluted earnings per share amounted to Euro 0.0476.

| **Profits (Euro)** | **31/12/2013** |
|---|---|
| Profits for determining basic earnings per share (Net profit due to shareholders of parent company) | 2,418,127 |
| Profit for determining the earnings per basic share | 2,418,127 |
| **Number of shares** | **31/12/2013** |
| Number of ordinary shares at 1 January 2013 | 51,883,958 |
| Purchase of own shares at 31 december 2013 | (1,224,591) |
| Average weighted number ordinary shares for calculation of basic profit | 50,851,169 |
| **Earnings per share (Euro)** | **31/12/2013** |
| Profit (loss) per basic share | 0.0476 |
| Diluted earnings (loss) per share | 0.0476 |

# CURRENT LIABILITIES

## CURRENT BANK DEBT

As at 31 December 2013 the item "**current bank debt**" amounted to Euro 36,120,716 compared to Euro 39,824,155 as at 31 December 2012. Euro 10,937,783 refers to the current amount of loans (previously described under item "non-current bank debt") and Euro 25,182,933 refers to current account overdrafts at major credit institutions.

## TRADE PAYABLES

"**Trade payables**" amounted to Euro 20,512,414 compared to Euro 18,260,095 as at 31 December 2012.

## ADVANCE PAYMENT ON WORK IN PROGRESS CONTRACTS

### Advances

As at 31 December 2013 the item "**advances**" amounted to Euro 2,448,157 compared to Euro 3,065,134 as at 31 December 2012 and mainly refers to advance payments received from customers for work in progress contracts.

# OTHER FINANCIAL LIABILITIES

## Amounts payable to others

The item "**amounts payable to others**" amounted to Euro 4,023,929 compared to Euro 2,761,627 as at 31 December 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Derived products | 63,501 | 133,936 | (70,435) |
| Payables to others | 175,968 | 693,664 | (517,696) |
| Advance for contrib. | 3,784,460 | 1,934,027 | 1,850,433 |
| **TOTAL** | **4,023,929** | **2,761,627** | **1,262,303** |

The item "**advances on projects**" relates to advances of government grants for ongoing research projects.

The table below outlines features of financial derivatives measured at fair value with an effect in the income statement and the Mark to Market value as at 31 December 2013.

| Banks | Date | Expiry | Operation | Notional amount | Value Mark to market at 31/12/2013 |
|---|---|---|---|---|---|
| Unicredit | 27/11/2008 | 30/11/2015 | IRS | 1,902,500 | 0.25 |
| B.N.L. | 30/11/2008 | 30/11/2015 | IRS | 3,841,500 | (63,502) |
| *Total* | | | | | *(63,502)* |

# TAX LIABILITIES

The item "**tax liabilities**" amounted to Euro 8,848,388 compared to Euro 11,703,372 as at 31 December 2012. The table below provides details on the item compared to figures from the previous financial year.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Payables to tax authority for VAT | 4,798,932 | 6,370,703 | (1,571,771) |
| Payables to tax authority for IRAP | (16,014) | 1,130,472 | (1,146,486) |
| Payables to tax authority for IRES | 688,808 | 636,785 | 52,022 |
| Payables to tax authority for IRPEF employees | 2,490,131 | 2,688,198 | (198,068) |
| Payables to tax authority for IRPEF freelance workers | 39,799 | 83,382 | (43,583) |
| Payables Debiti verso Erario per tassazione straordinari | 6,961 | 3,826 | 3,135 |
| Payables to tax authority for IRPEF collaborators | 87,350 | 91,298 | (3,949) |
| Payables to tax authority | 375,609 | 204,788 | 170,821 |
| Payables to tax authority for IRPEF severance fund | 84,295 | 128,109 | (43,814) |
| Payables to tax authority for Regional and Municipal add | 14,809 | 28,576 | (13,767) |
| Payables to tax authority for interest and penalties | 277,708 | 337,234 | (59,525) |
| **TOTAL** | **8,848,388** | **11,703,372** | **(2,854,984)** |

## OTHER CURRENT LIABILITIES

### Amounts payable to pension and social security institutions

The item "**amounts payable to pension and social security institutions**" amounted to Euro 4,976,918. The table below shows movements during the period and a comparison with figures as at 31 December 2012:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| INPS with contributions | 3,464,358 | 3,309,924 | 154,434 |
| Payables to pension funds | 170,671 | 192,515 | (21,844) |
| PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI | 113,492 | 109,037 | 4,455 |
| Contributions on accrued holiday pay and year-end bonus | 1,219,793 | 1,063,082 | 156,712 |
| Payables for penalties and interest | - | 9,614 | (9,614) |
| INAIL with contributions | 8,604 | 51,091 | (42,487) |
| **TOTAL** | **4,976,918** | **4,735,262** | **241,656** |

### Other payables

The item "**other payables**" amounted to Euro 14,341,531 compared to Euro 14,228,859 as at 31 December 2012.

The table below shows the changes taking place during the period with a comparison to figures as at 31 December 2012:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Directors' pay for settlement | 74,453 | 49,475 | 24,979 |
| Employees/Collaborators for fees accrued | 4,120,765 | 4,160,228 | (39,463) |
| Debts to purchase shareholdings | 162,750 | 226,600 | (63,850) |
| Accrued holidays, festivities, summer & yr-end bonuses | 4,183,605 | 4,301,077 | (117,472) |
| Payables to associations | 21,504 | 23,588 | (2,084) |
| Sundry payables | 458,742 | 472,009 | (13,267) |
| Interest and other costs of excercise | 390,086 | 334,541 | 55,545 |
| Maintenance/services/contributions competence in future years | 4,929,626 | 4,661,342 | 268,284 |
| **TOTAL** | **14,341,531** | **14,228,859** | **112,673** |

# Information on the Income Statement

Details are provided below on the entries making up the expenses and revenue in the income statement, which was drawn up in accordance with international accounting standards (IAS/IFRS), as at 31 December 2013, compared to the same period in the previous year.

## PRODUCTION REVENUES

### REVENUES

**Revenue from sales and services** in 2013 amounted to Euro 127,190,277 compared to Euro 137,421,919 in the same period of 2012. 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 127,190,277), including changes in inventories of work in progress (Euro 279,051) and changes in work in progress contracts (Euro -868,266) pertaining to 2013, compared to 2012 figures and broken down by business segment (in Euro/000).

| Exprivia Group (value in K €) | 31.12.2013 | 31.12.2012 | Variazioni % |
|---|---|---|---|
| Banks, Financial Istitutions and Insurance | 27,348 | 22,202 | 23% |
| Industry, Aerospace and Media | 16,544 | 19,717 | -16% |
| Energy and Telcom | 13,201 | 14,173 | -7% |
| Health and Healthcare | 22,744 | 26,124 | -13% |
| Utilities | 26,218 | 25,939 | 1% |
| Public Administration | 5,163 | 6,762 | -24% |
| International Business | 14,166 | 12,192 | 16% |
| Other | 1,219 | 1,876 | -35% |
| **Total** | **126,601** | **128,987** | **-1.85%** |

The details of the revenues relating to 2013, compared with the figures of the same period of 2012, broken down by area of business are shown below (in Euro/000).

| Exprivia Group (value in K €) | 31.12.2013 | 31.12.2012 | Variazioni % |
|---|---|---|---|
| Projects and Services | 99,702 | 111,417 | -11% |
| Maintenance | 15,017 | 10,133 | 48% |
| HW/ SW third parties | 9,419 | 2,984 | 216% |
| Own licences | 1,245 | 2,575 | -52% |
| Altro | 1,218 | 1,876 | -35% |
| **Total** | **126,601** | **128,987** | **-1.85%** |

# OTHER INCOME

## Other revenues and income

In 2013 "**other revenue and income**" amounted to Euro 801,065 compared to Euro 508,108 in the same period of the previous year. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Contingency assets | 340,151 | 287,886 | 52,265 |
| Penalty on customer/damages | 148 | - | 148 |
| Rental income | 25,158 | 632 | 24,526 |
| Other revenue | 203,777 | 59,872 | 143,905 |
| Pay in lieu of notice | 72,248 | 25,225 | 47,023 |
| Income from assignment of vehicles to staff | 158,724 | 133,393 | 25,330 |
| capital gains | 859 | 1,100 | (241) |
| **TOTAL** | **801,065** | **508,108** | **292,956** |

## Grants related to income

In 2013, "**grants related to income**" amounted to Euro 2,171,208 compared to Euro 1,124,257 in the same period of 2012 and refer to grants and tax breaks pertaining to the period or authorised in the period and relating to development projects financed.

# CHANGES IN INVENTORIES

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

The item **"changes in inventories of work in progress, semi-finished and finished goods"** amounted to Euro 279,051 in 2013 compared to Euro 42,204 in the same period of the previous year. It refers to changes in finished products.

## Fluctuation in work in progress contracts

In 2013, the item "**fluctuation in work in progress contracts**" amounted to Euro 868,266 compared to the negative balance of Euro 8,477,530 in the same period of 2012 and refers to the fluctuation in work in progress contracts pertaining to the year.

## Increases in fixed assets for internal work

The item "**increases in fixed assets for internal work**" amounted to Euro 1,652,966 compared to Euro 1,869,045 in 2012 and refers mainly to expenses incurred in the year to develop products for the banking, healthcare and manufacturing sectors.

# PRODUCTION COSTS

## RAW MATERIALS, CONSUMABLES AND GOODS

In 2013 the item "**raw materials, consumables and goods**" amounted to Euro 11,182,948 compared to Euro 7,429,209 in the same period of the previous year. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Purchase of HW-SW products | 7,029,296 | 4,101,444 | 2,927,852 |
| Purchase of HW-SW maintenance | 3,631,042 | 2,623,176 | 1,007,866 |
| Purchase of equipment for plant | 15,204 | - | 15,204 |
| Stationery and consumables | 131,308 | 146,895 | (15,587) |
| Fuel and oil | 301,134 | 362,561 | (61,428) |
| Transport and freight rates on purchases | 22,449 | 7,906 | 14,543 |
| Purchase of sundries | | 48,786 | (48,786) |
| Warranty services on our customers activities | 52,515 | 138,441 | (85,926) |
| **TOTAL** | **11,182,948** | **7,429,209** | **3,753,739** |

## STAFF COSTS

The item **"staff costs"** amounted to Euro 81,805,151 in 2013 compared to Euro 83,190,649 in 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Salaries and wages | 60,361,447 | 61,335,696 | (974,249) |
| Social charges | 16,243,346 | 16,718,143 | (474,797) |
| Severance Pay | 4,056,181 | 4,012,832 | 43,349 |
| Other staff costs | 1,144,177 | 1,123,978 | 20,199 |
| **TOTAL** | **81,805,151** | **83,190,649** | **(1,385,498)** |

The number of group employees as at 31 December 2013 amounted to 2,007 workers, 1,923 of which employees and 45 temporary workers, compared to 2,017 (1,923 employees and 94 temporary workers) as at 31 December 2012.

## OTHER COSTS

### Other costs for services

In 2013 the consolidated balance of the item "**other costs for services**" amounted to Euro 18,348,989 compared to Euro 22,664,387 in 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Technical and commercial consultancy | 7,870,953 | 9,993,378 | (2,122,424) |
| Administrative/company/legal consultancy | 1,555,864 | 1,552,272 | 3,591 |
| Consultancy to subsidiary companies | - | 22,050 | (22,050) |
| Data processing service | 363,769 | 765,756 | (401,987) |
| Auditors' fees | 285,296 | 352,267 | (66,971) |
| Travel and transfer expenses | 2,646,383 | 3,621,330 | (974,947) |
| Other staff costs | 134,757 | 224,742 | (89,985) |
| Utilities | 1,190,228 | 1,343,763 | (153,535) |
| Advertising and agency expenses | 495,610 | 650,807 | (155,197) |
| HW and SW maintenance | 839,235 | 925,679 | (86,445) |
| Insurance | 359,727 | 434,425 | (74,698) |
| Costs of temporary staff | 995,589 | 1,063,215 | (67,626) |
| Other costs | 1,226,825 | 1,339,037 | (112,212) |
| Research costs | | 55,381 | (55,381) |
| Mail services | 384,753 | 320,285 | 64,469 |
| **TOTAL** | **18,348,989** | **22,664,387** | **(4,315,398)** |

The statement below is provided in accordance with art. 149-duodecies of CONSOB Issuer Regulations to show amounts paid to the independent auditors in 2013.

The fees are shown gross of the CONSOB contribution.

| Description | Entity providing the services | Target company | Fees for year 2013 |
|---|---|---|---|
| Audit | PKF Italia S.p.A. | Exprivia S.p.A. (Parent) | 95,127 |
| Audit | PKF Italia S.p.A. | Exprivia Projects Srl | 15,224 |
| Limited revue | PKF Italia S.p.A. | Exprivia SL | 2,892 |
| Audit | PKF Italia S.p.A. | Exprivia Solutions Srl merged in Exprivia S.p.A. | 25,285 |
| Audit | PKF Italia S.p.A. | Gruppo Soluzioni Tecnologiche S.r.l. - GST merged in Exprivia Healthcare It Srl | 13,555 |
| Limited revue | PKF Italia S.p.A. | InFaber S.r.l. merged in Exprivia S.p.A. | 2,892 |
| Audit | PKF Italia S.p.A. | Realtech Srl merged in Exprivia Enterprise Consulting Srl | 15,366 |
| Audit | PKF Italia S.p.A. | SiSpa Srl | 18,838 |
| Audit | PKF Italia S.p.A. | Spegea S. c.a.r.l. | 11,419 |
| Audit | PKF Italia S.p.A. | Svimservice Srl now Exprivia Healthcare IT Srl | 26,900 |
| Audit | PKF Italia S.p.A. | Wel.Network Srl now Exprivia Enterprise Consulting Srl | 13,555 |
| **TOTAL** | | | **241,053** |

### Costs for leased assets

In 2013 the item "**costs for leased assets**" amounted to Euro 4,998,890 compared to Euro 4,931,809 in the same period of the previous year. The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Rental expenses | 2,146,457 | 2,012,632 | 133,826 |
| Car rental/leasing | 1,246,279 | 1,378,854 | (132,575) |
| Rental of other assets | 1,530,081 | 1,438,389 | 91,692 |
| Royalties | 67,405 | 82,036 | (14,632) |
| Leasing payments | 8,065 | 17,166 | (9,101) |
| Property maintenance | - | 15 | (15) |
| Other costs | 602 | 2,717 | (2,115) |
| **TOTAL** | **4,998,890** | **4,931,809** | **67,080** |

### Sundry operating expenses

In 2013 the item "**sundry operating expenses**" amounted to Euro 1,450,226 compared to Euro 1,606,243 in 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Annual subscriptions | 205,286 | 123,019 | 82,267 |
| Books and magazines | 5,370 | 35,988 | (30,618) |
| Taxes | 333,969 | 396,880 | (62,911) |
| Stamp duty | 87,414 | 93,729 | (6,315) |
| Penalties and fines | 59,777 | 116,770 | (56,993) |
| Charitable donations | 15,995 | 12,976 | 3,019 |
| Contingency liabilities | 128,587 | 219,734 | (91,147) |
| Bank charges and commissions | 484,733 | 475,604 | 9,128 |
| Write-offs | 15,268 | 3,814 | 11,454 |
| Sundry expenses | 83,987 | 120,484 | (36,496) |
| Penalties and damages | - | 264 | (264) |
| Capital losses on disposals | 29,840 | 6,982.00 | 22,858 |
| **TOTAL** | **1,450,226** | **1,606,243** | **(156,017)** |

### Inventories and provisions

The consolidated balance of the item **"inventories and provisions"** in 2013 amounted to Euro 367,156 compared to Euro 255,780 in 2012 and refers, for Euro 192,166 to the provision for risks related to tests for research projects that received financing and, for Euro 174,990 to the provision for risks for legal proceedings (see the section "provision for risks" for more details).

## AMORTISATION, DEPRECIATION AND WRITE-DOWNS

### Amortisation and depreciation

"**Amortisation and depreciation**" amounted to Euro 3,591,728 compared to Euro 3,341,681 in 2012 and refers, for Euro 2,055,464, to amortisation of intangible assets and, for Euro 1,536,264, to depreciation of tangible assets. Details on these items are provided in the notes to the balance sheet under "tangible and intangible assets".

### Other write-downs

The item "**other write-downs**" amounted to Euro 294,050 compared to Euro 897,406 in 2012. It mainly refers to the write-downs of some 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 482,469 compared to a Euro 928,749 in 2012 and refers to doubtful receivables unlikely to be collected.

## FINANCIAL INCOME AND CHARGES

### Income from parent companies

The item "**income from parent companies**" amounted to Euro 31,694 in 2013 compared to Euro 13,245 in 2012 and refers to interest accrued by the Parent Company Abaco Innovazione S.p.A. for a loan with Exprivia S.p.A..

### Income from other investments

In 2013, the item "**income from other investments**" amounted to Euro 111,256 compared to Euro 39 in 2012. It mainly refers mainly to the capital gains generated by the sale of the equity investment Pervoice S.p.A. (Euro 110,840).

### Other financial income

The item "**other financial income**" amounted to Euro 37,236 in 2013 compared to Euro 71,580 in the same period of 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Bank interest receivable | 22,510 | 18,244 | 4,266 |
| Revenues from financial derivatives | 1,428 | 46,957 | (45,529) |
| Interest income from securities | 64 | 131.49 | (68) |
| Other interest income | 12,993 | 4,050 | 8,944 |
| Rounding up of assets | 240 | 2,198 | (1,958) |
| **TOTAL** | **37,236** | **71,580** | **(34,345)** |

### Interest and other financial charges

In 2013 the item "**interest and other financial charges"** amounted to Euro 2,804,308 compared to Euro 3,025,454 in the same period of the previous year. The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Bank interest payable | 1,604,778 | 1,624,223 | (19,445) |
| Interest on loans and mortgages | 870,363 | 897,823 | (27,460) |
| Sundry interest | 123,959 | 254,209 | (130,250) |
| Charges on financial products and sundry items | 198,215 | 238,672 | (40,456) |
| Rounding up/down | 6,993 | 10,527 | (3,535) |
| **TOTAL** | **2,804,308** | **3,025,454** | **(221,145)** |

### Profit and loss on currency exchange

In 2013, "**exchange losses"** amounted to Euro 46,930, compared to Euro 77,639 in the same period in 2012.

## INCOME TAXES

In 2013, "**income taxes**" amounted to Euro 3,177,763 compared to Euro 1,799,381 in 2012. The table below provides details on the changes compared to the previous period:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| IRES | 1,250,125 | 1,746,354 | (496,229) |
| IRAP | 2,572,396 | 2,605,956 | (33,560) |
| Taxes from prior years | (689,788) | (2,533,326) | 1,843,538 |
| Defered tax | (694) | (33,812) | 33,118 |
| deferred tax assets | 45,724 | 14,209 | 31,515 |
| **TOTAL** | **3,177,763** | **1,799,381** | **1,378,383** |

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 YEAR

The 2013 income statement closed with a consolidated profit (after tax) of Euro 2,855,879.

# Information on the Cash Flow Statement

The **Net Financial Position** as at 31 December 2013 was a negative Euro 37.4 million, an improvement compared to the negative Euro 44 million in 2012 (up Euro 6.6 million). Despite retaining a remarkable level of investment, equal to Euro 5.0 million the Group generated liquidity of Euro 6.6 million during the year, also thanks to positive cash flows from operating activities amounting to Euro 6.5 million and the management of net working capital amounting to Euro 5.8 million.

The ratio of the net financial position to revenues improved further to 29% from 33% in 2012 and from 37% in 2011. The ratio of net working capital to revenues also improved, falling from 33% in 2011 to 28% in 2012, with an additional improvement to 24% in 2013.

# 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 2013.

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 2014

| Chairman and Chief Executive Officer | Executive Manager responsible for Preparing the Corporate Accounts |
|---|---|
| **(Mr. Domenico Favuzzi)** | **(Mr. Gianni Sebastiano)** |

# EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2013
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N.39 OF JANUARY 27, 2010

PKF Italia S.p.A.

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, 2013, 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.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 26, 2013.

3. In our opinion, the consolidated financial statements of the Exprivia Group as of and for the year ended December 31, 2013 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. As adequately indicated in the management report, during year 2013 Exprivia Group started an important organization process finalized to create specific "business units" able to better reach the reserve business market and, in the same time, granting a higher flexibility on its internal process and a good management of the economic and financial flows. The operation, started with the change of the Company's juridical form in "Società a responsabilità limitata (S.r.l.)", for all controlled company at 100%, is going on through the merger for incorporation of Realtech Italia S.r.l. and Datilog S.r.l. in Wel.Network S.r.l.( now Exprivia Enterprise Consulting S.r.l.) , of Exprivia Solutions S.r.l. and Infaber S.r.l. in Exprivia S.p.A. and of Gruppo Soluzioni Informatiche – GST S.r.l. in Swimservice S.r.l. (now Exprivia Healthcare IT S.r.l. ). To complete the organization process has been just approved a project concerning the transfer of the business branches Bank, Health and SAP of Exprivia S.p.A. to the controlled companies Sis.pa. S.r.l. Exprivia Healthcare IT S.r.l. and Exprivia Enterprise Consulting S.r.l. respectively.

5. The Directors of Exprivia S.p.A. are responsible for the preparation of the Report on Operations and the annual Report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual Report on Corporate Governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n.001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual Report on Corporate Governance are consistent with the consolidated financial statements of the Exprivia Group as of and for the year ended December 31, 2013.

Milano (Italy), March 26, 2014

PKF Italia S.p.A.

*Signed on the original by*

Michele Riva
*(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 CONSOLIDATED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 PURSUANT TO ART. 41 OF LEGISLATIVE DECREE NO. 127 OF 9 APRIL 1991**

Dear Shareholders,

as part of our tasks, pursuant to art. 41 of Legislative Decree 127/1991, we checked the consolidated financial statements of the Exprivia Group for the year ended 31 December 2013, which showed total assets of Euro 184,925,468, shareholders' equity of Euro 71,194,213, profit for the year of Euro 2,855,879, revenues of Euro 131,226,301 and EBITDA of Euro 13,072,941, equal to 10% of revenues.

The Board of Statutory Auditors' checks extended to an analysis of changes in shareholders' equity, the cash flow statement provided as at said date, the explanatory notes, the Directors' report which is consistent with the carefully analysed accounting document and, finally, the report of the independent auditors, which carried out a close examination in accordance with articles 14 and 16 of Legislative Decree 39/2010.

All the aforementioned documents were produced by the various entities responsible, in full compliance with the terms set out in art. 154 ter of Legislative Decree 58/98 and art. 2.2.3, paragraph 3 a) of the Regulation of Markets organised and managed by Borsa Italiana S.p.A..

The determination of the consolidation area and the choice of the related principles comply with IAS 27. The explanatory notes contain all information cumulatively required by articles 38 and 39 of the aforesaid Decree.

The assets and liabilities of foreign companies in a currency other than the euro, subject to consolidation, are translated at the exchange rate in force at the reporting date.

Significant events that occurred in 2013 are amply detailed in the Directors' report.

First of all, we invited the Board of Directors and, in particular, the "Executive Manager" responsible for preparing the financial information on the financial statements, to take into due consideration, both for the Holding Company and the Subsidiaries, the joint document of the Bank of Italy/Consob/ISVAP no. 4 of 3 March 2010 in relation to "*information to be supplied in financial reports (annual and half-yearly financial statements) on checks for the reduction of the value of assets (impairment testing), on the contractual clauses of payables and on the "Fair value hierarchy"*.

The Directors' report contains, provides and illustrates all elements, data and information, required by art. 2428 of the Civil Code and art. 40 of Decree Law 127/1991 respectively, which have been repeatedly referred to.

Lastly, the Directors' report adequately and exhaustively clarifies the economic, capital and financial situation, the trend in previous operations and the development of the same, after the close of the year 2013, relating to all companies subject to consolidation.

In relation to the provisions of Consob Communication no. dem/1025564 dated 6 June 2001, please refer to the report to the financial statements of the holding company.

The “ORGANISATION, MANAGEMENT AND CONTROL MODEL” adopted by the Holding Company Exprivia SpA pursuant to Legislative Decree 231/2001 has already been adopted by the subsidiaries.

The Board of Statutory Auditors acknowledges the improvement to the Group's Financial Management which, at year-end, recorded a negative NFP of Euro 37,403,143, an improvement of Euro 6,629,654 compared to the negative financial position of Euro 44,032,797 as at 31/12/2012.

The Board confirms to all shareholders that all financial data are specifically and correctly stated in the report of the Board of Directors and that the cash flow generated by operations amounted to Euro 6,462,843, equal to 4.92 % of production revenues totalling Euro 131,226,301.

The Exprivia Group employed 2,007 employees and temporary workers as at 31/12/2013.

Certification in accordance with art. 554 bis of Decree Law 58/98: the Board acknowledges the Certification of the Chief Executive Officer, Domenico Favuzzi, and the Executive manager responsible for preparing the corporate accounts, Giovanni Sebastiano.

The Board of Statutory Auditors acknowledges the judgement issued by the Independent Auditors PKF Italia Spa in its report dated 26 March 2014, pursuant to articles 14 and 16 of Legislative Decree 39/2010, according to which “the consolidated financial statements of the Exprivia Group as at 31 December 2013 conform to the International Financial Reporting Standards adopted by the European Union, and the provisions issued in implementation of art. 9 of Legislative Decree 38/2005; therefore, they have been drafted with clarity and give a true and fair view of the capital and financial position, economic result and cash flows of the Exprivia Group for the year ended 31 December 2013”.

In view of the above, the Board of Statutory Auditors has no further observations to make on the reference accounting document and authorises its approval.

Milano 27 March 2014

**On behalf of the Board of Statutory Auditors**

Renato Beltrami

# REPORT BY THE BOARD OF DIRECTORS ON THE OPERATIONS OF EXPRIVIA S.P.A.

In addition to coordinating the other companies in the Group, the Holding Company Exprivia S.p.A plays an important 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 previous 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;
- 2013 Market Trends;
- Markets;
- Investments;
- Events and Sponsorships;
- Risk and Uncertainties;
- Significant Events;
- Events after 31 December 2013;
- Exprivia's Stock Market Performance;
- Human Resources;
- Organisation, Management and Control Model (pursuant to Legislative Decree no. 231/2001)
- Group Quality Assurance Certification;
- Business Outlook

# SIGNIFICANT EXPRIVIA FIGURES AND RESULT INDICATORS

The table below outlines the main economic, capital and financial data of the company. It should be noted that the figures for 2013 of the Holding Company Exprivia SpA include the contributions of the mergers by incorporation of the companies Exprivia Solutions Srl and Infaber Srl, as described in the report accompanying the financial statements, in the section "Significant events".

| | | | proforma |
|---|---|---|---|
| | **31.12.2013** | **31.12.2012** | **31.12.2012** |
| Total production revenues | 79,493,091 | 70,152,196 | 74,845,483 |
| net proceeds and variation to work in progress to order | 75,459,922 | 67,386,023 | 72,063,215 |
| increase to assets for internal work | 1,291,890 | 1,309,609 | 1,309,609 |
| other proceeds and contributions | 2,741,280 | 1,456,565 | 1,472,659 |
| Difference between costs and production proceeds (EBITDA) | 7,038,468 | 2,220,602 | 3,530,898 |
| % on production proceeds | 8.9% | 3.2% | 4.7% |
| Net operating result (EBIT) | 4,242,040 | (1,441,915) | (170,278) |
| % on production proceeds | 5.3% | -2.1% | -0.2% |
| Net result | 4,977,306 | 2,604,023 | 2,633,954 |
| Group net equity | 67,520,977 | 62,660,968 | 64,664,630 |
| Total assets | 164,345,321 | 158,197,805 | 164,002,249 |
| Capital stock | 26,979,658 | 26,979,658 | 26,979,658 |
| Net working capital (1) | 13,674,827 | 14,567,644 | 19,424,238 |
| Cash flow (2) | 8,464,846 | 4,886,864 | |
| Fixed capital (3) | 93,817,016 | 91,221,066 | 91,491,763 |
| Investment | 6,318,092 | 2,282,841 | |
| Cash resources/bonds (*a*) | 4,535,014 | 1,973,348 | 2,003,975 |
| Short-term financial debts (*b*) | (27,470,719) | (28,534,386) | (30,413,103) |
| Medium-/long-term financial debts (*c* ) | (7,725,859) | (7,870,032) | (7,974,877) |
| Net financial position (4) | (30,661,564) | (34,431,071) | (36,384,005) |

**(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)** - The **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 2013, compared with 2012:

| Exprivia | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Index ROE (Net income / equity capital) | 7.37% | 4.16% |
| Index ROI (EBIT / Net Capital Invested) | 4.32% | -1.49% |
| Index ROS (EBIT / Revenues) | 5.47% | -1.92% |
| Financial charges / Net profit | 40.78% | 78.63% |

The table below shows the main capital and financial indicators of the Company as at 31 December 2013 and as at 31 December 2012.

| Exprivia | 31/12/2013 | 31/12/2012 |
|---|---|---|
| Net Financial Debt / Equity Capital | 0.45 | 0.55 |
| Debt ratio (Total Liabilities / Equity Capital) | 2.43 | 2.52 |

**Revenues** came to Euro 79.5 million compared to Euro 70.1 million in 2012.

**Net revenues** amounted to Euro 75.5 million, compared to Euro 67.4 million in 2012.

**EBITDA** amounted to Euro 7.03 million (Euro 2.2 million in 2012).

**EBIT** amounted to Euro 4.2 million (Euro -1.4 million in 2012).

Lastly, **net profit** totalled Euro 5 million compared to Euro 2.6 million in 2012.

The **Net Financial Position** as at 31 December 2013 was a negative Euro 30.6 million compared to a negative Euro 34.4 million in 2012.

Lastly, **Shareholders' equity** as at 31 December 2013 amounted to Euro to 67.5 million compared to Euro 62.7 million in Euro 2012.

# TREASURY SHARES

As at 31 December 2013 Exprivia held 1,224,591 treasury shares.

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

As at 31 December 2013 Domenico Favuzzi, Chairman and CEO of Exprivia S.p.A., directly held 267,734 Exprivia shares. In addition, 1,900 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 separated 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 under market conditions, i.e. under 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 | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Consorzio Exprivia | 8,565 | 321 | 8,244 |
| Datilog S.r.l. | | 178,414 | (178,414) |
| Exprivia Projects S.p.A. | | 241,399 | (241,399) |
| Exprivia Solutions S.p.A. | | 165,120 | (165,120) |
| Exprivia Do Brasil | 156,578 | | 156,578 |
| Exprivia SL | 352,426 | 38,460 | 313,966 |
| ProSap Group | 221,922 | 26,100 | 195,822 |
| GST S.r.l. | | 225,610 | (225,610) |
| Infaber S.r.l. | | (3,105) | 3,105 |
| Realtech S.p.A. | | 25,512 | (25,512) |
| SiSpa Srl | 95,726 | 34,788 | 60,938 |
| Spegea S.c. a.r.l. | 107,598 | 87,830 | 19,768 |
| Svimservice S.p.A. | (41,925) | 139,026 | (180,951) |
| Wel.Network S.p.A. | 5,123,948 | 9,314,098 | (4,190,150) |
| ***TOTAL*** | ***6,024,838*** | ***10,473,573*** | ***(4,448,735)*** |

## Financial Receivables

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Consorzio Exprivia | 40 | 40 | |
| Exprivia Projects S.p.A. | | 114,885 | (114,885) |
| Exprivia Solutions S.p.A. | | 3,122,523 | (3,122,523) |
| Farm S.r.l. in liquidazione | 20,388 | | 20,388 |
| ProSap Group | 2,737,908 | 2,232,083 | 505,825 |
| GST S.r.l. | | 24,913 | (24,913) |
| Infaber S.r.l. | | 30,627 | (30,627) |
| SisPa Srl | 10,417 | | 10,417 |
| Spegea S.c. a.r.l. | 5,612 | 100,000 | (94,388) |
| Svimservice S.p.A. | 477,524 | | 477,524 |
| Wel.Network S.p.A. | | 10,974 | (10,974) |
| ***TOTAL*** | ***3,251,889*** | ***5,636,045*** | ***(2,384,156)*** |

## Trade Payables

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Datilog S.r.l. | | 19,436 | (19,436) |
| Exprivia Projects S.p.A. | 1,868,947 | 3,418,867 | (1,549,920) |
| Exprivia Solutions S.p.A. | | 873,739 | (873,739) |
| Farm S.r.l. in liquidazione | | | |
| ProSap SL | 4,420 | | 4,420 |
| GST S.r.l. | | 114,225 | (114,225) |
| Realtech S.p.A. | | 1,325,601 | (1,325,601) |
| SiSpa Srl | 34,020 | 10,651 | 23,369 |
| Spegea S.c. a.r.l. | 39,309 | | 39,309 |
| Svimservice S.p.A. | 700,681 | 60,494 | 640,187 |
| Wel.Network S.p.A. | 4,279,830 | 6,936,103 | (2,656,273) |
| ***TOTAL*** | ***6,927,207*** | ***12,759,116*** | ***(5,831,909)*** |

## Financial Payables

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Datilog S.r.l. merged in Exprivia Enterprise Consulting Srl | | 69,892 | (69,892) |
| Exprivia Projects Srl | 253,250 | 79,236 | 174,014 |
| GST S.r.l. merged in Exprivia Healthcare It Srl | | 28,879 | (28,879) |
| Infaber S.r.l. merged in Exprivia Spa | | 409,442 | (409,442) |
| Realtech Srl merged in Exprivia Enterprise Consulting Srl | | 37,335 | (37,335) |
| SiSpa Srl | 1,813,582 | 2,020,060 | (206,478) |
| Spegea S.c. a.r.l. | 162,736 | 8,846 | 153,890 |
| Exprivia Healthcare IT srl already Svimservice Srl | 4,065,278 | 1,374,876 | 2,690,402 |
| Exprivia Enterprise Consulting Srl already WelNetwork Srl | 591,805 | 130,019 | 461,786 |
| ***TOTAL*** | ***6,886,651*** | ***4,158,585*** | ***2,728,066*** |

## Trade Costs

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia Projects S.p.A. | 7,857,292 | 7,331,490 | 525,802 |
| Exprivia Solutions S.p.A. | | 3,310,682 | (3,310,682) |
| GST S.r.l. | | 281,013 | (281,013) |
| Network Services S.r.l. | | 97,317 | (97,317) |
| ProSap SL | 76,277 | 196,435 | (120,158) |
| Realtech S.p.A. | | 1,849,717 | (1,849,717) |
| SiSpa S.p.A. | 8,000 | 1,847 | 6,153 |
| Spegea S.c. a.r.l. | 39,527 | 4,000 | 35,527 |
| Svimservice S.p.A. | 2,263,340 | 236,647 | 2,026,693 |
| Wel.Network S.p.A. | 5,152,476 | 4,395,616 | 756,860 |
| *TOTAL* | *15,396,912* | *17,704,764* | *(2,307,852)* |

## Financial costs and expenses

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia Projects Srl | | 4,997 | (4,997) |
| Infaber S.r.l. | | 9,698 | (9,698) |
| Spegea S.c.a.r.l | 2,510 | | 2,510 |
| SiSpa Srl | 104,323 | 45,380 | 58,943 |
| Exprivia Healthcare IT srl already Svimservice Srl | 103,847 | | 103,847 |
| Exprivia Enterprise Consulting Srl already WelNetwork Srl | | 27,287 | (27,287) |
| *TOTAL* | *210,680* | *87,362* | *123,318* |

### Trade Revenues

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia Projects Srl | 821,124 | 622,123 | 199,001 |
| Exprivia Solutions Srl ora fusa in Exprivia Spa | | 1,346,906 | (1,346,906) |
| Exprivia SL | 313,275 | 138,460 | 174,815 |
| Exprivia Do Brasil | 156,578 | | 156,578 |
| GST S.r.l. merged in Exprivia Healthcare It Srl | | 110,600 | (110,600) |
| Infaber S.r.l. merged in Exprivia Spa | | 137,676 | (137,676) |
| Datilog S.r.l. merged in Exprivia Enterprise Consulting Srl | | 44,388 | (44,388) |
| Realtech Srl merged in Exprivia Enterprise Consulting Srl | | 22,000 | (22,000) |
| SiSpa Srl | 91,325 | 90,500 | 825 |
| Spegea S.c. a.r.l. | 221,524 | 179,122 | 42,402 |
| Exprivia Healthcare IT srl already Svimservice Srl | 1,060,057 | 1,095,234 | (35,177) |
| Exprivia Enterprise Consulting Srl already WelNetwork Srl | 3,294,084 | 4,916,390 | (1,622,306) |
| ***TOTAL*** | ***5,957,967*** | ***8,703,399*** | ***(2,745,432)*** |

### Financial Income

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Exprivia Projects Srl | 515,755 | 14,312 | 501,443 |
| Exprivia Solutions Srl merged in Exprivia Spa | | 735,164 | (735,164) |
| Exprivia Do Brasil | 367,762 | | 367,762 |
| Exprivia SL | 691 | | 691 |
| ProSap SL | 88,525 | 88,125 | 400 |
| SiSpa Srl | 1,197,891 | 1,185,747 | 12,144 |
| Exprivia Healthcare IT srl already Svimservice Srl | 1,976,045 | 4,000,237 | (2,024,192) |
| ***TOTAL*** | ***4,146,669*** | ***6,023,585*** | ***(1,876,916)*** |

# 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 under market conditions, i.e. under the conditions that would be applied between two independent parties. All transactions are carried out in the interest of the companies involved.

It should be noted that, for 2013, following their disposal, there are no relations with associated companies.

# 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".

## Pro-forma date year 2012 to 2013

For the sake of greater comparability, the 2013 budget compared with those of 2012, here are the data of 2012 aggregated of the acquiring company with the data of the two merged companies (Exprivia Solutions Srl and Infaber Srl), cleansed of the relationships between these society. For a discussion of the relations between them in the year 2012, please refer to the tables in the section “relations with the subsidiaries”.

# EXPRIVIA S.P.A. FINANCIAL STATEMENTS

# EXPRIVIA – BALANCE SHEET

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Land and buildings | 6,335,311 | 6,243,059 | 6,243,059 |
| Assets under construction and payments on account | 3,210,906 | 898,330 | 898,330 |
| Other assets | 1,286,167 | 1,436,892 | 1,448,728 |
| **Property, plant & machinery** | **10,832,384** | **8,578,281** | **8,590,117** |
| Goodwill | 26,423,539 | 26,305,768 | 26,452,982 |
| **Goodwill and other undefined assets** | **26,423,539** | **26,305,768** | **26,452,982** |
| Intangible assets | 951,722 | 880,445 | 880,445 |
| Research and development costs | 2,552,171 | 2,523,809 | 2,523,809 |
| **Other intangible assets** | **3,503,894** | **3,404,254** | **3,404,254** |
| Shareholdings in subsidiaries | 48,508,999 | 48,514,802 | 46,694,952 |
| Shareholdings in associated companies | | 90,000 | 90,000 |
| Shareholdings in other companies | 825,687 | 820,075 | 821,850 |
| **Shareholdings** | **49,334,686** | **49,424,877** | **47,606,802** |
| Receivables to subsidiaries | 1,488,083 | 1,488,083 | 1,508,471 |
| Other bonds | 1,334,539 | 1,384,180 | 1,470,664 |
| **Other financial assets** | **2,822,622** | **2,872,263** | **2,979,135** |
| Tax advances/deferred taxes | 899,891 | 635,623 | 635,623 |
| **Deferred tax assets** | **899,891** | **635,623** | **635,623** |
| **NON-CURRENT ASSETS** | **93,817,016** | **91,221,066** | **89,668,913** |

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Receivables to customers | 37,524,514 | 32,075,978 | 39,366,685 |
| Crediti verso imprese controllate | 7,788,644 | 14,613,835 | 11,356,817 |
| Receivables to subsidiaries | | 140,271 | 140,271 |
| Receivables to parent companies | 1,675,919 | 437,446 | 1,049,347 |
| Other accounts receivable | 11,496,478 | 8,166,773 | 8,940,084 |
| Tax credits | 217,171 | 316,692 | 326,662 |
| **Trade receivables and others** | **58,702,726** | **55,750,995** | **61,179,866** |
| Stock | 316,759 | 45,181 | 45,181 |
| **Stock** | **316,759** | **45,181** | **45,181** |
| Work in progress to order | 6,973,806 | 9,207,215 | 9,281,464 |
| **Work in progress to order** | **6,973,806** | **9,207,215** | **9,281,464** |
| Current banks | 4,513,130 | 1,969,925 | 1,998,132 |
| Cheques and unpresented effects | 21,884 | 3,423 | 5,843 |
| **Cash resources** | **4,535,014** | **1,973,348** | **2,003,975** |
| **CURRENT ASSETS** | **70,528,305** | **66,976,739** | **72,510,486** |
| **TOTAL ASSETS** | **164,345,321** | **158,197,805** | **162,179,399** |

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Capital stock | 26,979,658 | 26,979,658 | 26,979,658 |
| **Capital stock** | **26,979,658** | **26,979,658** | **26,979,658** |
| Own shares | (636,787) | (494,012) | (494,012) |
| **Own shares** | **(636,787)** | **(494,012)** | **(494,012)** |
| Share premium | 18,081,738 | 18,081,738 | 18,081,738 |
| **Share premium** | **18,081,738** | **18,081,738** | **18,081,738** |
| Revaluation reserve | 2,907,138 | 2,907,138 | 2,907,138 |
| **Revaluation reserve** | **2,907,138** | **2,907,138** | **2,907,138** |
| Legal reserve | 3,312,804 | 3,182,603 | 3,182,603 |
| Extraordinary reserve | 263,790 | 1,636,092 | 1,636,092 |
| Other reserves | 7,904,776 | 7,904,776 | 7,904,776 |
| | 3,846,124 | | |
| Riseva in sospensione di imposta | 70,970 | 82,845 | 233,726 |
| IAS tax effect | (186,540) | (223,893) | (223,893) |
| **Other reserves** | **15,211,924** | **12,582,423** | **12,733,304** |
| **Profit/Loss for the period** | **4,977,306** | **2,604,023** | **2,633,954** |
| **NET WORTH** | **67,520,977** | **62,660,968** | **62,841,780** |
| Payables to non-current banks | 7,725,859 | 7,870,032 | 7,974,877 |
| **Payables to non-current banks** | **7,725,859** | **7,870,032** | **7,974,877** |
| Payables to other financiers | 499,080 | 652,236 | 635,205 |
| Payables to parent companies | 119,161 | 191,085 | 191,085 |
| Payables for equity investments | 1,740,396 | 1,740,396 | 1,740,396 |
| Payables for tax and social security beyond the period | 414,163 | 535,521 | 535,521 |
| **Other financial liabilities** | **2,772,800** | **3,119,238** | **3,102,207** |
| Other provisions | 1,229,758 | 1,439,247 | 1,490,803 |
| **Provision for risks and charges** | **1,229,758** | **1,439,247** | **1,490,803** |
| Severance pay | 4,433,842 | 3,224,046 | 4,331,745 |
| **Staff-related funds** | **4,433,842** | **3,224,046** | **4,331,745** |
| Deferred tax funds | 872,902 | 914,140 | 942,611 |
| **Deferred tax liabilities** | **872,902** | **914,140** | **942,611** |
| **NON-CURRENT LIABILITIES** | **17,035,161** | **16,566,703** | **17,842,243** |

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Payables to current quota banks | 27,470,719 | 28,534,386 | 30,413,103 |
| **Payables to current banks** | **27,470,719** | **28,534,386** | **30,413,103** |
| Payables to suppliers | 15,915,906 | 13,230,403 | 13,581,041 |
| **Payables to suppliers** | **15,915,906** | **13,230,403** | **13,581,041** |
| Payments on account | 1,831,033 | 2,257,661 | 2,257,661 |
| **Advances on work in progress to order** | **1,831,033** | **2,257,661** | **2,257,661** |
| Payables to subsidiaries | 13,314,778 | 16,265,465 | 15,008,496 |
| Payables to associated companies | | 38,115 | 38,115 |
| Other accounts payable | 3,574,761 | 1,644,745 | 1,644,745 |
| **Other financial liabilities** | **16,889,539** | **17,948,325** | **16,691,356** |
| Tax debits | 4,911,992 | 5,417,262 | 5,924,983 |
| **Tax debits** | **4,911,992** | **5,417,262** | **5,924,983** |
| Payables to welfare and social security institutions | 2,996,320 | 2,446,443 | 2,806,202 |
| Other payables | 9,773,673 | 9,135,654 | 9,821,030 |
| **Other current liabilities** | **12,769,994** | **11,582,097** | **12,627,232** |
| **CURRENT LIABILITIES** | **79,789,183** | **78,970,134** | **81,495,376** |
| **TOTAL LIABILITIES** | **164,345,321** | **158,197,805** | **162,179,399** |

# EXPRIVIA – INCOME STATEMENT

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Proceeds of sales and services | 77,495,353 | 75,097,606 | 80,234,770 |
| **Revenues** | **77,495,353** | **75,097,606** | **80,234,770** |
| Other proceeds | 950,349 | 572,636 | 582,789 |
| Invest. grants tfr to P&L account | 1,790,930 | 883,929 | 889,870 |
| **Other revenues** | **2,741,280** | **1,456,565** | **1,472,659** |
| Var. stock of products being processed, semi-finished items | 272,227 | (15,732) | (15,732) |
| Variation in work in progress to order | (2,307,658) | (7,695,852) | (8,155,823) |
| Increase in assets for internal work | 1,291,890 | 1,309,609 | 1,309,609 |
| **Variation in stock of finished products and products being processed** | **(743,541)** | **(6,401,975)** | **(6,861,946)** |
| **TOTAL PRODUCTION REVENUES** | **79,493,091** | **70,152,196** | **74,845,483** |
| Costs of raw, subsid. & consumable mat. and goods | 8,300,276 | 4,146,637 | 4,151,666 |
| **Raw materials and consumables used** | **8,300,276** | **4,146,637** | **4,151,666** |
| Salaries and wages | 32,249,455 | 28,355,499 | 32,797,523 |
| Social charges | 8,716,666 | 7,683,339 | 8,875,710 |
| Severance Pay | 2,277,458 | 1,922,377 | 2,187,387 |
| Other staff costs | 643,886 | 530,634 | 638,290 |
| **Costs connected with employee-related benefits** | **43,887,466** | **38,491,849** | **44,498,910** |
| Other costs for services | 16,751,253 | 22,257,109 | 19,562,990 |
| Costs for leased assets | 2,746,900 | 2,392,322 | 2,408,885 |
| Sundry management charges | 673,705 | 540,605 | 589,062 |
| Stock and payments on account | 95,022 | 103,072 | 103,072 |
| **Other costs** | **20,266,881** | **25,293,108** | **22,664,009** |
| **TOTAL PRODUCTION COSTS** | **72,454,623** | **67,931,594** | **71,314,585** |
| **DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES** | **7,038,468** | **2,220,602** | **3,530,898** |

| | 31.12.2013 | 31.12.2012 | Proforma 31.12.2012 |
|---|---|---|---|
| Ordinary amortisement of intangible assets | 1,636,893 | 1,676,643 | 1,706,086 |
| Ordinary amortisement of tangible assets | 640,851 | 606,198 | 615,414 |
| Altre svalutazioni delle immobilizzazioni | 90,000 | 680,000 | 680,000 |
| Devaluation of credits included in working capital | 428,685 | 699,676 | 699,676 |
| **Depreciation and devaluation** | **2,796,429** | **3,662,517** | **3,701,176** |
| **OPERATIVE RESULT** | **4,242,040** | **(1,441,915)** | **(170,278)** |
| Proceeds from shareholdings from parents | (4,036,650) | (5,873,480) | (5,185,984) |
| Proceeds from parents companies | (110,020) | (150,104) | (102,436) |
| Proceeds from others shareholdings | (31,694) | (594) | (13,245) |
| Other proceeds with separate indication | (19,505) | (10,792) | (11,862) |
| Interest and other financial charges | 2,029,589 | 2,047,613 | 2,196,084 |
| Charges from subsidiaries | 210,680 | 87,362 | 77,664 |
| Profit and loss on foreign exchange | (2,555) | (7,573) | (7,573) |
| **Proceeds and financial charges** | **(1,960,154)** | **(3,907,568)** | **(3,047,352)** |
| **PRE-TAX RESULT** | **6,202,194** | **2,465,653** | **2,877,074** |
| IRES | 269,883 | (377,219) | (85,508) |
| IRAP | 1,495,758 | 1,176,676 | 1,397,922 |
| other taxes on income | 7,015 | | |
| Taxes previous years | (589,148) | (932,909) | (1,064,376) |
| Deferred taxes | (32,356) | (38,655) | (38,655) |
| Tax paid in advance | 73,736 | 33,737 | 33,737 |
| **Income tax** | **1,224,888** | **(138,370)** | **243,120** |
| **PROFIT OR LOSS FOR THE PERIOD** | **4,977,306** | **2,604,023** | **2,633,954** |

# STATEMENT OF COMPREHENSIVE INCOME (*) FOR FINANCIAL YEARS ENDED AS AT 31 DECEMBER 2013 AND 31 DECEMBER 2012

| Description | 31/12/2013 | 31/12/2012 | 01/01/2012 |
|---|---|---|---|
| Profit for the period | 4,977,306 | 2,604,023 | |
| Profit (loss) for the actuarial effect of applying IAS 19 | (135,828) | | |
| Profit (loss) for the actuarial effect of applying IAS 19 year 2012 | | | 218,571 |
| Net income (loss) from sale of own shares | | (45,788) | (60,107) |
| Tax effect of changes | 37,353 | 0 | - |
| ***Net income / (expense) for the period recognized in equity*** | ***(98,475)*** | **(45,788)** | **158,464** |
| **Total comprehensive income** | **4,878,831** | **2,558,235** | **158,464** |

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

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

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

# CHANGES IN EXPRIVIA SHAREHOLDERS' EQUITY

| Operations | Company Capital | Own shares | Share Premium Fund | Reval. Reserve | Legal Reserve | Riserva per azioni proprie in portafoglio | Other Reserve | Valuation reserves | 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** |
| Change in opening balance | | | | | | | (158,464) | 158,464 | | | | |
| **Balance at 01/01/2012** | **26,979,658** | **(46,508)** | **18,081,748** | **2,907,138** | **3,021,831** | | **7,818,524** | **158,464** | | **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** | | **9,241,356** | **158,464** | | **2,604,023** | | **62,660,968** |
| Reclassification previous year's profit | | | | | 130,201 | | 2,473,822 | | | (2,604,023) | | |
| Dividend distribution | | | | | | | | | | | | |
| Purchase of own shares | | (142,775) | | | | | (56,858) | | | | | (199,633) |
| Surplus / deficit fusion Exrivia Solutions / InFaber | | | | | | | 180,811 | | | | | 180,811 |
| Profit (loss) of the period | | | | | | | | | | 4,977,306 | | 4,977,306 |
| Net income / (expense) for the period recognized in equity | | | | | | | | (98,475) | | | | (98,475) |
| **Balance at 31/12/2013** | **26,979,658** | **(636,787)** | **18,081,748** | **2,907,138** | **3,312,804** | **-** | **11,839,131** | **59,989** | **-** | **4,977,306** | | **67,520,977** |

# EXPRIVIA – CASH FLOW STATEMENT

| | 31.12.2013 | 31.12.2012 |
|---|---|---|
| Operating activities: | | |
| - Profit (loss) | 4,977,306 | 2,604,023 |
| - Amortisation, depletion and depreciation of assets | 2,277,744 | 2,282,841 |
| - Provision for Severance Pay Fund | 2,277,458 | 1,922,377 |
| - Advances/Payments Severance Pay | (1,067,662) | (1,909,397) |
| **Cash flow arising from operating activities** | **8,464,846** | **4,899,844** |
| Increase/Decrease in net working capital: | | |
| - Variation in stock and payments on account | 1,535,203 | 7,700,521 |
| - Variation in receivables to customers | (5,448,536) | (6,409,805) |
| - Variation in receivables to parent/subsidiary/associated company | 5,726,989 | (4,895,834) |
| - Variation in other accounts receivable | (3,230,184) | 3,271,096 |
| - Variation in payables to suppliers | 2,685,503 | (323,268) |
| - Variation in payables to parent/subsidiary/associated company | (2,988,802) | 7,398,434 |
| - Variation in tax and social security liabilities | 44,608 | 3,111,122 |
| - Variation in other accounts payable | 2,568,035 | (6,685,693) |
| - Variation in prepaid expenses and accrued income | (597,165) | 688,408 |
| **Cash flow arising (used) from current assets and liabilities** | **295,652** | **3,854,981** |
| **Cash flow arising (used) from current activities** | **8,760,498** | **8,754,825** |
| Investment activities: | | |
| - Variation in tangible assets | (2,894,954) | (1,712,110) |
| - Variation in intangible assets | (1,854,304) | (2,127,985) |
| - Variation in financial assets | (124,436) | (1,046,605) |
| **Cash flow arising (used) from investment activities** | **(4,873,694)** | **(4,886,700)** |
| Financial activities: | | |
| - Change in minority interests | (117,297) | (2,079,345) |
| **Cash flow arising (used) from financial activities** | **(117,297)** | **(2,079,345)** |
| **Increase (decrease) in cash** | **3,769,506** | **1,788,780** |
| Banks and cash profits at start of year | 1,973,348 | 3,113,527 |
| Banks and cash losses at start of year | (36,404,418) | (39,333,378) |
| Banks and cash profits at end of period | 4,535,014 | 1,973,348 |
| Banks and cash losses at end of period | (35,196,578) | (36,404,419) |
| **Increase (decrease) in liquidity** | **3,769,506** | **1,788,780** |

# EXPLANATORY NOTES FOR EXPRIVIA S.P.A. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

The Explanatory Notes to the 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 10,832,384 compared to Euro 8,578,281 as at 31 December 2012.

The table below shows movement in the reporting period:

| Categories | Historical cost 01/01/13 | Additions by merger | Inc. | Dec. | Historical cost at 31/12/13 | Reserve prov. at 01/01/13 | Additions by merger | Provision for period | Dec. | Cum. prov. | Net value at 31/12/13 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Land | 247,716 | | 110,225.74 | | 357,942 | - | - | - | - | - | 357,942 |
| Buildings | 7,925,332 | | 242,762 | | 8,168,094 | (1,929,989) | | (260,736) | | (2,190,725) | 5,977,369 |
| Others | 5,663,991 | 238,244 | 223,856 | (515) | 6,125,576 | (4,227,097) | (232,709) | (380,116) | 515 | (4,839,407) | 1,286,167 |
| Fixed assets in progress | 898,331 | | 2,312,575 | | 3,210,906 | - | - | - | - | - | 3,210,906 |
| ***TOTAL*** | ***14,735,370*** | ***238,244*** | ***2,889,419*** | ***(515)*** | ***17,862,518*** | ***(6,157,086)*** | ***(232,709)*** | ***(640,852)*** | ***515*** | ***(7,030,132)*** | ***10,832,384*** |

The Euro 2,889,419 rise is mainly due to:

- electronic office equipment purchased (Euro 203,302);
- furniture and furnishings purchased (Euro 8,725);
- costs incurred for work to expand the head offices in Molfetta - Via Giovanni Agnelli (Euro 2,206,762);
- costs incurred for restructuring the buildings at the company's headquarters (Euro 105,814);

It should be noted that the "increases due to the merger effect and accumulated amortisation due to the merger effect" are attributable to the contribution of the companies Exprivia Solutions Srl and Infaber Srl, merged by incorporation into the company.

# GOODWILL AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

## Goodwill

The balance of **goodwill** as at 31 December 2013 amounted to Euro 26,423,539 compared to Euro 26,305,768 as at 31 December 2012. It should be noted that the change is attributable to the contribution of the company Exprivia Solutions Srl, merged by incorporation into the company.

| Categories | Historical cost 01/01/13 | Variaz. area di cons.to | Total historical cost at 31/12/13 | Depreciation fund at 01/01/13 | Increase of the perdiod | Accum. deprec. | Net value at 31/12/13 |
|---|---|---|---|---|---|---|---|
| COST OF GOODWILL ABACO MERGER | 461,166 | - | 461,166 | - | | - | 461,166 |
| GOODWILL DIVESTMENT AIS PS BRANCH | 1,767,655 | - | 1,767,655 | - | | - | 1,767,655 |
| GOODWILL DIVESTMENT KTONES BRANCH | 517,714 | - | 517,714 | - | | - | 517,714 |
| DIFFERENCE ETA BETA MERGER | 3,040,712 | - | 3,040,712 | - | | - | 3,040,712 |
| DIFFERENCE AIS MEDICAL MERGER | 3,913,766 | - | 3,913,766 | - | | - | 3,913,766 |
| GOODWILL AURORA BRANCH | 1,406,954 | - | 1,406,954 | | | | 1,406,954 |
| GOODWILL EX ODX | | 462,672 | 462,672 | (315,457) | (29,444) | (344,901) | 117,771 |
| GOODWILL DIVESTMENT EX. PROJECTS BRANCH | 600,000 | | 600,000 | | | - | 600,000 |
| GOODWILL | 14,597,803 | - | 14,597,803 | - | | - | 14,597,801 |
| ***TOTAL*** | ***26,305,768*** | ***462,672*** | ***26,768,440*** | ***(315,457)*** | | ***(344,901)*** | ***26,423,539*** |

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**", net of amortisation applied, amounted to Euro 3,503,894, compared to Euro 3,404,254 as at 31 December 2012.

The table below shows movement in the reporting period:

| Categories | Historical cost 01/01/13 | Inc. at 31/12/13 | Changes to merger | Total historical cost 31.12.13 | Reserve prov. at 01/01/13 | Changes to merger | Dep. of the perdiod | Dep. 31/12/13 | Net value at 31/12/13 |
|---|---|---|---|---|---|---|---|---|---|
| Cost of plant and extension | 119,588 | | | 119,588 | (119,588) | | - | (119,588) | - |
| Development of advertising | 26,055,143 | 1,291,890 | 2,246,193 | 29,593,226 | (23,531,334) | (2,246,193) | (1,263,528) | (27,041,055) | 2,552,171 |
| Patents and Intellectual Property Rights | 2,359,088 | | 100,414 | 2,459,502 | (2,359,088) | (100,414) | - | (2,459,502) | - |
| Permits, brands | 46,064 | | | 46,064 | (46,064) | | | (46,064) | |
| Sundries | 3,186,205 | 415,199 | 83,217 | 3,684,621 | (2,305,759) | (83,217) | (343,923) | (2,732,899) | 951,722 |
| ***TOTAL*** | ***31,766,088*** | ***1,707,089*** | ***2,429,824*** | ***35,903,001*** | ***(28,361,833)*** | ***(2,429,824)*** | ***(1,607,451)*** | ***(32,399,108)*** | ***3,503,894*** |

The most significant items concern investments to **develop** software applications for the banking and medical sectors and Euro 415,199 for purchases of software products for the execution of a contract in progress.

# INVESTMENTS

The item "**investments**" as at 31 December 2012 amounted to Euro 49,334,686 compared to Euro 49,424,877 as at 31 December 2012.

The item is broken down below.

## Investments in subsidiaries

As at 31 December 2013 the item "**investments in subsidiaries**" amounted to Euro 48,508,999 compared to Euro 48,514,802 as at 31 December 2012. The table below provides details on the item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Datilog S.r.l. | | 152,945 | (152,945) |
| Exprivia Do Brasil | 1,670,000 | 650,000 | 1,020,000 |
| Exprivia Projects Srl | 1,241,391 | 1,241,391 | |
| Exprivia S.L. | 104,158 | 104,158 | |
| WelNetwork Srl now Exprivia Enterprise Consulting Srl | 11,954,869 | 9,407,879 | 2,546,990 |
| Exprivia Solutions Srl | | 1,328,650 | (1,328,650) |
| Healthcare IT Srl | | 866,275 | (866,275) |
| Infaber Srl | | 494,199 | (494,199) |
| ProSap | 2,708,716 | 2,708,716 | |
| Realtech Srl | | 1,600,000 | (1,600,000) |
| SiSpa Srl | 5,184,705 | 5,184,705 | |
| Spegea S.c.a r.l. | 300,000 | 300,000 | |
| Svimervice Srl now Exprivia Healthcare It Srl | 25,331,159 | 24,464,884 | 866,275 |
| Consorzio Exprivia S.c. a r.l. | 14,000 | 11,000 | 3,000 |
| ***TOTAL*** | ***48,508,999*** | ***48,514,802*** | ***(5,803)*** |

It should be noted that, due to the mergers within the Group, as already described in the Report of the Consolidated Financial Statements in the section "Significant events", the Realtech Srl and Datilog investments were absorbed into the company Exprivia Enterprise Consulting Srl, formerly Wel.Network Srl, the company GST Srl was merged into the company Exprivia Healthcare It Srl, formerly Svimservice Srl, whilst in relation to the investments in Exprivia Solutions Srl and Infaber Srl, these were merged into Exprivia S.p.A..

The values of the 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.

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 | (705) | 12,309 | | 20,932 | 55.00% |
| Expriva SL | Madrid (Spagna) | 8,250 | 371,037 | 1,074,031 | 2,944,614 | 2,499,921 | 60.00% |
| Exprivia Do Brasil Servicos Ltda | Rio de Janeiro (Brasile) | 823,068 | 105,960 | 2,010,690 | 1,568,338 | 2,390,415 | 52.22% |
| Exprivia Projects Srl | Roma | 242,000 | (621,089) | 54,240 | 8,019,045 | 2,874,152 | 100.00% |
| ProSap | Madrid (Spagna) | 197,904 | 608,531 | 815,330 | 9,761,023 | 6,446,604 | 51.12% |
| SiSpa Srl | Milano | 580,000 | 1,018,057 | 2,421,984 | 7,108,589 | 3,832,646 | 100.00% |
| Spegea Sc a rl | Bari | 125,000 | (146,850) | 295,151 | 1,202,955 | 1,546,032 | 60.00% |
| Svimservice S.p.A. | Trento | 1,548,000 | 1,687,686 | 4,895,563 | 18,424,377 | 20,406,000 | 100.00% |
| Wel.Network S.p.A. | Milano | 1,500,000 | (1,225,789) | 1,742,383 | 16,452,681 | 13,350,076 | 100.00% |

## Investments in other companies

As at 31 December 2013, the item "**investments in other companies**" amounted to Euro 825,687 compared to Euro 820,075 as at 31 December 2012.

The table below provides details on this item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Advanced Computer Systems | 740,816 | 740,816 | |
| Consorzio SILAB-Daisy | 1,837 | | 1,837 |
| Consorzio Global Enabler | 2,000 | | 2,000 |
| Conai | 9 | | 9 |
| Cered Software | 103 | 103 | |
| 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 | |
| Certia | 516 | | 516 |
| Società Consortile Piano del Cavaliere | 516 | 516 | |
| Software Engineering Research | 12,000 | 12,000 | |
| H.BIO Puglia | 12,000 | 12,000 | |
| Ultimo Miglio Sanitario | 2,500 | 1,250 | 1,250 |
| ***TOTAL*** | ***825,687*** | ***820,075*** | ***5,612*** |

## OTHER FINANCIAL ASSETS

### Receivables from subsidiaries

The item **"Receivables from subsidiaries"** as at 31 December 2013 amounted to Euro 1,488,083 and did not undergo any changes from 31 December 2012. It refers to the medium/long-term portion of an interest-bearing loan granted to the subsidiary ProSap SL, regulated by a contract between the parties.

### Tax receivables

The item "**tax receivables**" amounted to Euro 1,334,539 as at 31 December 2013, of which Euro 631,114 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 2009 to 2011 were recorded under non-current assets, while the receivables for 2007 and 2008 were included in the item "**current receivables from tax authorities**".

## DEFERRED TAX ASSETS

The balance of the item "**deferred tax assets**" amounts to Euro 899,891 as at 31 December2013, compared to Euro 635,623 as at 31 December 2013, 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 32,075,978 as at 31 December 2012 to Euro 37,524,514 as at 31 December 2013 and are recorded under assets less Euro 1,917,494 as an adjustment for the risk of doubtful debts.

The table below provides details on the balance at year-end:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| To Italian customers | 36,630,679 | 30,491,596 | 6,139,083 |
| To foreign customers | 875,506 | 580,199 | 295,307 |
| To public bodies | 1,935,823 | 2,651,739 | (715,916) |
| ***S-total receivables to customers*** | ***39,442,008*** | ***33,723,534*** | ***5,718,474*** |
| Less: provision for bad debts | (1,917,494) | (1,647,555) | (269,939) |
| ***Total receivables to customers*** | ***37,524,514*** | ***32,075,979*** | ***5,448,535*** |

| Details | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| To third parties | 32,763,880 | 27,755,879 | 5,008,001 |
| Invoices for issue to third parties | 6,678,128 | 5,967,655 | 710,473 |
| ***TOTAL*** | ***39,442,008*** | ***33,723,534*** | ***5,718,474*** |

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 |
| 33,354,159 | 22,994,725 | 10,359,434 | 1,815,717 | 972,675 | 1,056,505 | 1,488,163 | 821,613 | 377,946 | 379,705 | 3,447,110 |
| 100.0% | 68.9% | 31.1% | 5.4% | 2.9% | 3.2% | 4.5% | 2.5% | 1.1% | 1.1% | 10.3% |

## Receivables from subsidiaries

The item "**receivables from subsidiaries**" as at 31 December 2013 amounted to Euro 7,788,644 compared to Euro 14,613,835 in the previous year.

The table below provides details on this item:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Consorzio Exprivia | 8,605 | 361 | 8,244 |
| Datilog Srl | - | 178,414 | (178,414) |
| Exprivia Projects Srl | - | 356,284 | (356,284) |
| Exprivia SL | 352,426 | 38,460 | 313,966 |
| GST Srl | - | 250,523 | (250,523) |
| Exprivia Do Brasil | 156,578 | 27,522 | 129,056 |
| ProSap | 1,471,747 | 770,100 | 701,647 |
| Farm Multimedia Srl in liquidation | 20,388 | 25,513 | (5,125) |
| SiSpa Srl | 106,144 | 34,788 | 71,356 |
| Spegea S. c. a.r.l. | 113,209 | 180,130 | (66,921) |
| Exprivia Healthcare IT Srl | 421,598 | 3,426,669 | (3,005,071) |
| Exprivia Enterprise Consulting Srl | 5,137,948 | 9,325,071 | (4,187,123) |
| ***TOTAL*** | ***7,788,644*** | ***14,613,835*** | ***(6,825,191)*** |

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 parent companies

The balance of **"receivables from parent companies"** as at 31 December 2013 came to Euro 1,675,919 compared to Euro 437,446 as at 31 December 2012 and refers mainly to the interest-bearing loan regulated by contracts and amounting to Euro 1,419,791, as described in the section "Relations with affiliates and associated companies" of the consolidated financial statements and the amounts owed to the company Exprivia Solutions Srl transferred to Exprivia due to the merger.

### Other receivables

As at 31 December 2013 the item "**other receivables**" amounted to Euro 11,496,478 compared to Euro 8,166,773 as at 31 December 2012.

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

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Advances on projects | 9,728,333 | 8,196,840 | 1,531,493 |
| Advances on contributions of projects completed | (2,650,722) | (2,529,374) | (121,348) |
| Advances to suppliers for services | | 5,277 | (5,277) |
| Sundry credits | 38,344 | 41,626 | (3,282) |
| Receivables to factoring | 341,894 | 131,761 | 210,133 |
| Receivables to welfare institutes/INAIL | | 7,173 | (7,173) |
| Guaranteed securities | 37,036 | 26,547 | 10,489 |
| Costs relating to future years | 4,001,593 | 2,286,923 | 1,714,670 |
| ***TOTAL*** | ***11,496,478*** | ***8,166,773*** | ***3,329,705*** |

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 completed research programmes, the advances received, totalling Euro 2,650,722, are reclassified to reduce receivables.

### Tax receivables

As at 31 December 2013 the item "**tax receivables**" amounted to Euro 217,171 compared to Euro 316,692 as at 31 December 2012. The table below provides a breakdown and a comparison with the previous year:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Credits for instance IRAP on IRES | 165,004 | 32,257 | 132,747 |
| Tax authority w/holding taxes on interest income | 10,797 | 38,125 | (27,328) |
| Credits to tax authority for VAT | | 9,535 | (9,535) |
| Credits with tax authority | 41,370 | 219,106 | (177,736) |
| ***TOTAL*** | ***217,171*** | ***316,693*** | ***(99,522)*** |

## INVENTORIES

The balance of **"inventories"** as at 31 December 2013 amounted to Euro 316,759 compared to Euro 45,181 as at 31 December 2012 and refers to software and hardware held for resale and the development of a multi-year contract.

## WORK IN PROGRESS CONTRACTS

As at 31 December 2013 the item "**work in progress contracts**" amounted to Euro 6,973,806 compared to Euro 9,207,215 as at 31 December 2012 and refers to the value of work in progress contracts valued 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 2013 the item "**cash at bank and in hand**" amounted to Euro 4,535,014 compared to Euro 1,973,348 as at 31 December 2012 and refers to Euro 4,513,130 held at banks and Euro 21,884 in notes on hand.

# SHAREHOLDERS' EQUITY

## SHARE CAPITAL

"**Share Capital**", fully paid up, amounted to Euro 26,979,658.16 and is represented by 51,883,958 ordinary shares with a nominal value of Euro 0.52 each. This is the same as at 31 December 2012.

## TREASURY SHARES

As at 31 December 2013 "**treasury shares**" amounted to Euro -636,787.32 compared to Euro -494,012.48 as at 31 December 2012 and the amount refers to the purchase of treasury shares under the plan approved by the shareholders' meeting of 18 April 2013. The number of treasury shares amounts to 1,005,862.

## SHARE PREMIUM RESERVE

As at 31 December 2013 the "**share premium reserve**" amounted to Euro 18,081,738 and is the same as at 31 December 2012.

## REVALUATION RESERVE

As at 31 December2013 the "**revaluation reserve**" amounted to Euro 2,907,138 and is the same as at 31 December 2012.

## OTHER RESERVES

The item "**other reserves**" amounted to Euro 15,211,924 compared to Euro 12,582,423 as at 31 December 2012 and pertains to:

- Euro 3,312,804 for the "**legal reserve**", which rose by Euro 130,201 compared to 31 December 2012 after allocation of profit from the previous year, as resolved by the shareholders' meeting of 18 April 2013;
- Euro 263,790 for the "**extraordinary reserve**" compared to Euro 1,636,092 as at 31 December 2012. The change pertains to allocation of the 2012 profit and part of the reserve to a restricted reserve, as resolved by the Exprivia S.p.A. shareholders' meeting of 18 April 2013.
- Euro 7,904,776 to the "**Provision for Investments in the Puglia Region 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" (project S.D.I.), which remained unchanged with respect to 31 December 2012;
- Euro 3,846,124 to the "**Puglia Digitale Project Reserve**" created in connection with the investment programme called "Puglia Digitale Project" as resolved by the Exprivia shareholders' meeting on 18 April 2013;
- Euro -577,123 to "**other reserves**" compared to Euro -526,578 as at 31 December 2012. The change of Euro 50,545 pertains to the share premium value resulting from transactions to purchase and sell treasury shares.
- Euro 180,811 to the **"merger surplus/deficit reserve"** created as a result of the merger of the companies Exprivia Solutions Srl and Infaber Srl;
- Euro 82,743 to the **"reserve for actuarial (gains) pursuant to IAS 19"** created as a result of the change to IAS 19 (2011) which requires actuarial gains/losses ("remeasurements") to be recognised in equity reserves;
- Euro -22,754 to the **"reserve for the tax effect of IAS 19"** relating to the tax effect of the recognition of actuarial gains/losses;
- Euro 220,754 for the "**IAS/IFRS tax effect reserve**" represents the tax effect calculated on changes after adopting IFRS and is the same as at 31 December 2012.

# NON-CURRENT LIABILITIES

## NON-CURRENT PAYABLES TO BANKS

As at 31 December 2013 the item "**non-current payables to banks**" amounted to Euro 7,725,859 compared to Euro 7,870,032 in the previous year, and pertains to medium-term borrowing (Euro 7,443,506) and a loan received (Euro 282,353) for a building owned by the company.

| Financial Institute | Type | Contractual amount | Amount distribuit at 31.12.13 | Date of contract | Expiry date | Repayment date | Rate applied | Residual capital at 31.12.13 | To be repaid in 12 mths | To be repaid beyon 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% | 5,142,853 | 2,571,423 | 2,571,430 |
| Banca Nazionale del Lavoro | Mutual | 2,400,000 | 2,400,000 | 15/10/04 | 30/09/14 | semi-annual | Euribor 6 mesi + 1,2% | 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% | 158,333 | 158,333 | |
| Ministero dell'Università e della Ricerca | Financing | 1,430,905 | 1,243,453 | 12/04/07 | 01/07/15 | semi-annual | 0.50% | 290,510 | 193,420 | 97,090 |
| Ministero dello Sviluppo Economico | Financing | 2,151,000 | 1,787,006 | 27/12/09 | 27/02/19 | annual | 0.87% | 1,090,723 | 177,873 | 912,850 |
| Ministero dell'Università e della Ricerca | Financing | 934,900 | 380,624 | 10/01/08 | 01/07/15 | semi-annual | 0.50% | 104,845 | 69,810 | 35,036 |
| Banca Antonveneta | Financing | 5,000,000 | 5,000,000 | 04/05/10 | 10/05/17 | montly | Euribor 3 mesi + 2,5% | 2,812,006 | 783,852 | 2,028,154 |
| Banco Napoli | Financing | 2,000,000 | 2,000,000 | 20/05/11 | 20/05/16 | montly | Euribor 1 mese + 3,70% | 1,019,649 | 402,228 | 617,421 |
| Credito Emiliano | Financing | 1,000,000 | 1,000,000 | 04/04/11 | 04/04/14 | montly | Euribor 3 mesi + 1,7% | 114,746 | 114,746 | |
| Emilia Romagna Factor | Financing | 3,500,000 | 3,500,000 | 22/07/11 | 31/12/14 | montly | Euribor 3 mesi + 2,75% | 1,166,667 | 1,166,667 | |
| IBM Italia Servizi Finanziari | Financing | 306,856 | 306,856 | 01/05/12 | 01/02/17 | quarterly | 9.66% | 210,210 | 58,112 | 152,098 |
| IBM Italia Servizi Finanziari | Financing | 187,429 | 187,429 | 01/05/12 | 01/02/14 | quarterly | 8.37% | 24,610 | 24,610 | |
| Banca Popolare di Milano | Financing | 2,000,000 | 2,000,000 | 10/12/13 | 30/06/14 | 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% | 680,041 | 680,041 | |
| ICCREA Banca Impresa | Financing | 1,020,000 | 1,020,000 | 18/07/13 | 30/09/18 | quarterly | Euribor 3 mesi + 3,80% | 973,732 | 189,801 | 783,931 |
| Simest | Financing | 1,955,000 | 586,500 | 26/07/13 | 19/04/20 | montly | 0.50% | 586,500 | 58,650 | 527,850 |
| Banca Popolare Pugliese | Financing | 500,000 | 500,000 | 24/10/13 | 24/10/14 | montly | Euribor 6 mesi + 6,50% | 419,019 | 419,019 | |
| **TOTAL** | | | | | | | | *17,076,797* | *9,350,938* | *7,725,859* |

For further information see the ""**Explanatory notes to 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 499,080 as at 31 December 2013, compared to Euro 652,236 in the previous year. It refers to the security deposit paid by the subsidiary Svimservice S.p.A., now Exprivia Healthcare It Srl 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 a refund of IRAP tax on IRES tax for Euro 449,080, 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 119,161 compared to Euro 191,085 as at 31 December 2012, 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 2013 and is unchanged with respect to the previous year. 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 414,163 compared to Euro 535,521 as at 31 December 2012 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 2013 amounted to Euro 1,229,758 compared to Euro 1,439,247 as at 31 December 2012.

| Description | 31/12/2013 | 31/12/2012 | Varition |
|---|---|---|---|
| Fund to cover losses | 35,356 | | 35,356 |
| Fund for tax litigation risks | 532,583 | 688,650 | (156,067) |
| Fund for staff related risks | 64,507 | 52,507 | 12,000 |
| Risk provisions on work in progress | - | 200,000 | (200,000) |
| Fund for contribution related risks | 581,437 | 482,215 | 99,222 |
| Fund for tax bill related risks | 15,875 | 15,875 | - |
| *TOTAL* | *1,229,758* | *1,439,247* | *(209,489)* |

The provision of Euro 35,356 relates to the hedge fund created by Exprivia Solutions in respect of its subsidiary Farm Srl in liquidation transferred to Exprivia as a result of the merger.

The provision of Euro 532,583 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 investigation report gave rise to five notices of assessment: (i) concerning IRPEG for 2002, (ii) concerning IRPEG and IRAP for 2003, (iii) first-level assessment of consolidated income for 2004, (iv) one second-level assessment on IRES of tax consolidation for 2004 and (v) another notice of assessment on IRAP referring to 2004. The company challenged all of these notices of assessment before the Provincial Tax Commission of Milan, which accepted our claims and issued judgments to cancel the notices of assessment. The Inland Revenue Agency appealed the judgment relating to the 2002 and 2004 assessments with a petition notified on 10 June 2011 and at the second-instance proceedings the Company submitted its counter-claims within the terms of law; By means of ruling filed on 14 May 2012, the Regional Tax Commission confirmed the cancellation of the notices of assessment challenged. In relation to the 2003 assessment, the judgment cancelling the notice of assessment became final since the Inland Revenue Agency failed to appeal the decision.

Similar notices of assessment were received from the Inland Revenue Agency of Bari in subsequent years arising from the same investigation report of 18 December 2007 and referring to 2005 (IRES and IRAP) and 2006 (IRES), duly challenged by the Company. Section 24 of the Provincial Tax Commission of Bari ruled on the appeals. It cancelled by judgement no. 472413 filed on 12 April 2013 the 2006 IRES write-downs in full and declared several 2005 IRES and IRAP tax write-downs legitimate, lowering the lower losses ascertained to EUR 2,141,000. The Inland Revenue Agency appealed the judgment with a petition notified on 18.11.13 and at the second-instance proceedings the Company submitted its counter-claims within the terms of law;

It should also be mentioned that proceedings under Legislative Decree no. 231/01 are in progress before the Court of Avezzano regarding Exprivia's alleged indirect liability for conduct imputed to its subsidiary Aisoftw@re Professional Services (which at the time was a subsidiary of the company and now closed) in the official audit report 383/2006 concerning "Recovery of facilities under law 407 for 2002–2005". At the hearing of 23 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. In any case, after a number of postponements the next hearing has been set for 9 May 2014 to examine witnesses, whose failure to appear would lead to a declaration of forfeiture.

The allocation of Euro 64,507 to the "**provision for staff risks**" refers to amounts set aside for current disputes with former employees.

The allocation of Euro 581,437 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**" as at 31 December 2013 amounted to Euro 4,433,842 compared to Euro 3,224,046 as at 31 December 2012.

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

In relation to the methodology used for the actuarial calculation please refer to the "**Explanatory notes to the consolidated financial statements"**.

## DEFERRED TAX LIABILITIES

### Provisions for deferred taxes

As at 31 December 2013 the item "**provision for deferred taxes**" amounted to Euro 872,902 compared to Euro 914,140 as at 31 December 2012 and refers to the allocation of taxes calculated on temporary changes as a result of applying IFRS to the valuation of financial statement items.

# CURRENT LIABILITIES

## CURRENT BANK DEBT

As at 31 December 2013 the item "**current bank debt**" amounted to Euro 27,470,719 compared to Euro 28,534,386 as at 31 December 2012. Euro 9,350,938 refers to the current amount of loans (previously described under item "**non-current bank debt**") and Euro 18,119,781 refers to current account overdrafts at major credit institutions for current operations.

## TRADE PAYABLES

The item "**trade payables**" as at 31 December 2013 amounted to Euro 15,915,906 compared to Euro 13,230,403 as at 31 December 2012.

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 |
| 13,107,572 | 7,568,755 | 5,538,817 | 261,487 | 1,257,071 | 1,751,752 | 520,154 | 541,871 | 179,205 | 67,144 | 960,134 |
| 100.0% | 57.7% | 42.3% | 2.0% | 9.6% | 13.4% | 4.0% | 4.1% | 1.4% | 0.5% | 7.3% |

## ADVANCE PAYMENT ON WORK IN PROGRESS CONTRACTS

### Advances

This item amounted to Euro 1,831,033 compared to Euro 2,257,661 as at 31 December 2012 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 13,314,778 compared to Euro 16,265,465 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 | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| GST S.r.l. merged in Exprivia Healthcare It srl | | 143,103 | (143,103) |
| Exprivia Projects Srl | 2,058,660 | 3,418,867 | (1,360,207) |
| Exprivia Solutions Srl merged in Exprivia Spa | | 873,738 | (873,738) |
| Infaber Srl fusa in Exprivia Spa | | 392,411 | (392,411) |
| Svimservice Srl now Exprivia Healthcare It Srl | 4,422,442 | 1,018,266 | 3,404,176 |
| Realtech Srl merged in Exprivia Enterprise Consulting Srl | | 1,362,935 | (1,362,935) |
| SiSpa Srl | 1,847,603 | 2,030,711 | (183,108) |
| WelNetwork Srl now Exprivia Enterprise Consulting Srl | 4,788,454 | 6,936,103 | (2,147,649) |
| Spegea S.c. a r.l. | 193,198 | | 193,198 |
| ProSap | 4,420 | | 4,420 |
| Datilog Srl now Exprivia Enterprise Consulting Srl | | 89,329 | (89,329) |
| *TOTAL* | *13,314,778* | *16,265,465* | *(2,950,685)* |

### Amounts payable to others

The item "**amounts payable to others**" amounted to Euro 3,574,761 compared to Euro 1,644,745 as at 31 December 2012. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Derived products | 63,501 | 133,936 | (70,435) |
| Advances on projects | 3,511,260 | 1,510,809 | 2,000,451 |
| ***TOTAL*** | ***3,574,761*** | ***1,644,745*** | ***1,930,016*** |

As regards the item **"advances on projects"** it should be noted that the advance payments received for completed research programmes were reclassified to reduce "project receivables", while advance payments relating to ongoing projects remain recorded in the 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 2012.

| Bank | Contract day | Expiration Date | Transaction type | Notional value | Mark to market value at 31/12/2013 |
|---|---|---|---|---|---|
| Unicredit | 27/11/2008 | 30/11/2015 | IRS | 1,902,500 | 0.25 |
| B.N.L. | 30/11/2008 | 30/11/2015 | IRS | 3,841,500 | (63,502) |
| ***TOTAL*** | | | | | ***(63,502)*** |

## TAX LIABILITIES

The item "**tax liabilities**" amounted to Euro 4,911,992 compared to Euro 5,417,262 as at 31 December 2012. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variazioni |
|---|---|---|---|
| Payables to tax authority for VAT | 2,466,804 | 2,446,232 | 20,572 |
| Payables to tax authority for IRAP | 72,771 | 761,810 | (689,039) |
| Payables to tax authority for IRES | 396,662 | 426,352 | (29,690) |
| Payables to tax authority for IRPEF employees | 1,657,894 | 1,449,367 | 208,527 |
| Payables to tax authority | 45,588 | 45,235 | 353 |
| Payables to tax authority for interest and penalties | 272,273 | 288,266 | (15,993) |
| ***TOTAL*** | ***4,911,992*** | ***5,417,262*** | ***(505,270)*** |

## OTHER CURRENT LIABILITIES

### Amounts payable to pension and social security institutions

The item "**amounts payable to pension and social security institutions**" amounted to Euro 2,996,320 compared to Euro 2,446,443 as at 31 December 2012. The table below shows the breakdown and changes in 2013 compared to the previous year.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| INPS with contributions | 2,083,672 | 1,612,542 | 471,130 |
| Payables to pension funds | 62,147 | 54,023 | 8,124 |
| PREVINDAI-FASI-ALDAI-INPDAI-FASDAPI-PREVINDAPI | 79,370 | 74,441 | 4,929 |
| Contributions on accrued holiday pay and year-end bonus | 757,351 | 670,981 | 86,370 |
| INAIL with contributions | 13,781 | 34,456 | (20,675) |
| ***TOTAL*** | ***2,996,320*** | ***2,446,443*** | ***549,877*** |

### Other payables

The item "**other payables**" amounted to Euro 9,773,768 compared to Euro 9,135,654 as at 31 December 2012.

The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Directors' pay for settlement | 43,848 | 39,170 | 4,678 |
| Employees/Collaborators for fees accrued | 2,279,851 | 2,224,712 | 55,139 |
| Debts to purchase shareholdings | 160,500 | 234,850 | (74,350) |
| Accrued holidays, festivities, summer & yr-end bonuses | 2,576,025 | 2,282,250 | 293,775 |
| Payables to associations | 13,900 | 9,823 | 4,077 |
| Sundry payables | 46,051 | 20,968 | 25,083 |
| Interests and other costs | 363,245 | 271,153 | 92,092 |
| Competence Contributions in future years | 4,290,253 | 4,052,728 | 237,525 |
| ***TOTAL*** | ***9,773,673*** | ***9,135,654*** | ***638,019*** |

## Information on the Cash Flow Statement

The **Net Financial Position** as at 31 December 2013 was a negative Euro 30.7 million, an improvement compared to a negative Euro 34.4 million in 2012 (up Euro 3.8 million). Despite retaining a remarkable level of investment, equal to Euro 4.9 million, the company generated liquidity of Euro 3.8 million during the year, also thanks to positive cash flows from operating activities amounting to Euro 8.5 million and the management of net working capital amounting to Euro 0.3 million.

## 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 2013 "**revenue from sales and services**" amounted to Euro 77,495,353 compared to Euro 75,097,606 in 2012.

The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Hardware and plants | 4,631,628 | 3,662,793 | 968,836 |
| Licences, software and products | 4,492,555 | 3,297,687 | 1,194,868 |
| Project development | 57,405,034 | 54,805,677 | 2,599,357 |
| Maintenance | 9,677,397 | 12,032,992 | (2,355,595) |
| Services | 1,288,739 | 1,298,457 | (9,718) |
| ***TOTAL*** | ***77,495,353*** | ***75,097,606*** | ***2,397,747*** |

## OTHER INCOME

### Other revenues and income

The balance of the item **"other revenues and income"** in 2013 amounted to Euro 950,349 compared to Euro 572,636 in the previous year. The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Contingency assets | 259,457 | 47,770 | 211,687 |
| Rental income | 347,576 | 330,520 | 17,056 |
| Income from assignment of vehicles to staff | 82,977 | 64,349 | 18,628 |
| Income from staff on secondment | 156,988 | 74,971 | 82,017 |
| Other revenue | 103,351 | 55,026 | 48,325 |
| ***TOTAL*** | ***950,349*** | ***572,636*** | ***377,713*** |

### Grants related to income

In 2013 the item "**grants related to income**" amounted to Euro 1,790,930 compared to Euro 883,929 in the previous year and refers 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 products"** amounted to Euro 272,227 compared to the decrease of Euro 15,732 in 2012 and refers to products purchased in the various business units.

### Fluctuation in work in progress contracts

The item "**fluctuation in work in progress contracts**" amounted to Euro -2,307,658 compared to Euro -7,695,852 in 2012 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 investment projects amounted to Euro 1,291,890 compared to Euro 1,309,609 in 2012 and refers to expenses incurred in the period to develop products for the banking and medical sectors.

# PRODUCTION COSTS

## RAW MATERIALS AND CONSUMABLES USED

In 2013 costs for "**raw materials and consumables used**" amounted to Euro 8,300,276 compared to Euro 4,146,637 in the previous year. The table below provides details on the items:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Purchase of HW-SW products | 5,060,360 | 1,823,315 | 3,237,045 |
| Purchase of HW-SW maintenance | 2,765,233 | 1,875,634 | 889,599 |
| Stationery and consumables | 30,539 | 35,961 | (5,422) |
| Fuel and oil | 140,654 | 147,584 | (6,930) |
| Purchase of sundries | 15,924 | 27,868 | (11,944) |
| Purchase of parents company | 235,051 | 97,835 | 137,216 |
| Warranty services on our customers activities | 52,515 | 138,440 | (85,925) |
| *TOTAL* | *8,300,276* | *4,146,637* | *4,153,639* |

The most significant change is attributable to the purchase of products and maintenance of software and hardware held for resale to third parties.

## COSTS RELATED TO EMPLOYEE BENEFITS

The item "**costs related to employee benefits**" amounted to Euro 43,887,466 compared to Euro 38,491,849 in 2012 and refers to Euro 32,249,455 for salaries and fees, Euro 8,716,666 for social security charges, Euro 2,277,458 for employee severance indemnities, and Euro 643,886 for other staff costs.

The number of company personnel as at 31 December 2013 stood at 919, of which 878 employees and 41 temporary workers, compared to 820 (750 employees and 70 temporary workers) as at 31 December 2012. The increase in staff is mainly due to the mergers of the companies Exprivia Solutions Srl and Infaber Srl.

The average staff in 2013 totalled 927 workers, compared to an average of 820 workers in 2012 (the latter figure does not include the incorporated companies Exprivia Solutions srl and Infaber Srl).

# OTHER COSTS

## Other costs for services

In 2013 the item "**other costs for services**" amounted to Euro 16,751,253 compared to Euro 22,257,109 in the previous year and can be analysed as follows:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Technical and commercial consultancy | 4,297,765 | 6,175,311 | (1,877,546) |
| Administrative/company/legal consultancy | 839,283 | 696,095 | 143,188 |
| Consultancy to associated companies | 7,381,177 | 10,870,023 | (3,488,846) |
| Auditors' fees | 142,663 | 145,551 | (2,888) |
| Travel and transfer expenses | 1,745,895 | 2,081,643 | (335,748) |
| Other staff costs | 97,293 | 127,367 | (30,074) |
| Utilities | 659,293 | 731,933 | (72,640) |
| Advertising and agency expenses | 439,706 | 508,040 | (68,334) |
| HW and SW maintenance | 93,958 | 52,267 | 41,691 |
| Insurance | 187,799 | 196,289 | (8,490) |
| Costs of temporary staff | 2,595 | | 2,595 |
| Other costs | 863,825 | 672,590 | 191,235 |
| ***TOTAL*** | ***16,751,253*** | ***22,257,109*** | ***(5,505,856)*** |

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 | 30,000 |
| Altomare Dante | Executive Vice President, Director, Director, Division of Public Mecati | 131,000 | 13,080 |
| Laterza Alessandro | Independent Director, Chairman of Audit Committee, Member of Remuneration Committee | 24,000 | - |
| De Porcellinis Giorgio | Independent Director, Presidemtne of the Remuneration Committee, Member of Audit Committee | 19,000 | - |
| Di Paola Giancarlo | Executive Director | 64,000 | 3,443 |
| 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 | 58,000 | 1,892 |
| Savelli Valeria | Non-executive Director, a member of the Remuneration and Audit Committees - Head of Accounts Receivable | 56,500 | 2,357 |
| 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 | 45,457 | 2,770 |
| Beltrami Renato | Chairman of the Board | 113,336 | |
| Samarelli Gaetano | Auditor | 61,770 | |
| Pellecchia Ignazio | Auditor | 59,469 | |

## Costs for leased assets

The item "**costs for leased assets**" amounted to Euro 2,746,900 compared to Euro 2,392,322 in the previous year and is broken down in the table below:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Rental expenses | 872,584 | 611,718 | 260,866 |
| Car rental/leasing | 549,750 | 488,902 | 60,849 |
| Rental of other assets | 1,315,355 | 1,285,097 | 30,258 |
| Royalties | 9,211 | 6,606 | 2,605 |
| ***TOTAL*** | ***2,746,900*** | ***2,392,322*** | ***354,578*** |

### Sundry operating expenses

In 2013 "**sundry operating expenses**" amounted to Euro 673,705 compared to Euro 540,605 in the previous year and is broken down in the table below:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Annual subscriptions | 145,578 | 61,870 | 83,708 |
| Taxes | 137,901 | 101,605 | 36,296 |
| Penalties and fines | 33,379 | 99,923 | (66,544) |
| Charitable donations | 14,995 | 11,930 | 3,065 |
| Contingency liabilities | 15,949 | 9,845 | 6,103 |
| Bank charges and commissions | 301,894 | 245,828 | 56,066 |
| Sundry expenses | 23,381 | 9,603 | 13,778 |
| Capital losses on disposals | 629 | - | 629 |
| ***TOTAL*** | ***673,705*** | ***540,605*** | ***133,100*** |

### PROVISIONS

"**Provisions**" amounted to Euro 95,022 compared to Euro 103,072 in the previous year and are broken down in the table below:

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Provision for inventory devaluation risk / work in progress | 83,022 | 73,072 | 9,950 |
| Provision for risk lawsuits by employees | 12,000 | 30,000 | (18,000) |
| ***TOTAL*** | ***95,022*** | ***103,072*** | ***(8,050)*** |

## AMORTISATION, DEPRECIATION AND WRITE-DOWNS

The item "**amortisation, depreciation and write-downs**" amounted to Euro 2.796.429 compared to Euro 3,662,517 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 2012.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Amortisation intangible assets | 1,636,893 | 1,676,643 | (39,749) |
| Amortisation tangible assets | 640,851 | 606,198 | 34,652 |
| Provision for bad debts | 428,685 | 699,676 | (270,991) |
| Other Assets write-downs | 90,000 | 680,000 | (590,000) |
| ***TOTAL*** | ***2,796,429*** | ***3,662,517*** | ***(866,088)*** |

Amortisation of intangible assets amounted to Euro 1,636,893 and is detailed in the section on intangible assets in these explanatory notes.

Depreciation of tangible assets amounted to Euro 640,851 and is detailed in the section on tangible assets in these explanatory notes.

The write-down of receivables, amounting to Euro 428,685, refers, for Euro 327,435 to the waiving of the receivable due from subsidiary Exprivia Projects srl for the recapitalisation of same, and for Euro 86,250 to the allocation to the provision for doubtful receivables unlikely to be collected.

The other write-downs of fixed assets, totalling Euro 90,000, relate to write-downs of investments disposed of.

## FINANCIAL INCOME AND CHARGES

### Income from equity investments

The item "**income from equity investments**" amounted to Euro 4,036,650 compared to Euro 5,873,480 in the previous year and refers to the distribution of dividends, pertaining to the management of Exprivia S.p.A. but distributed by the subsidiaries Svimservice S.p.A., now Exprivia Healthcare It Srl, (Euro 1,888,450), Sis.Pa Srl (Euro 1,197,891) Exprivia Projects Srl. (Euro 494,952), Gst Srl merged into Exprivia Healthcare It Srl (Euro 87,595) and Exprivia Do Brasil (Euro 367,762).

### Income from subsidiaries

**"Income from subsidiaries"** amounted to Euro 110,020 compared to Euro 150,104 in 2011, and refers to interest accrued on the "cash pooling" relationships in place with the subsidiary Exprivia Projects Srl., interest on the loan in place with the subsidiary ProSap SL and a loan granted and repaid to subsidiary Exprivia SL during the year.

### Income from parent companies

"**Income from parent companies**" amounted to Euro 31,694 compared to Euro 594 and related to the loan in place with the parent company Abaco Innovazione S.p.A.

### Income other than the above

**"Income other than the above"** amounted to Euro 19,505 compared to Euro 10,792 in the previous year. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Bank interest receivable | 17,831 | 8,731 | 9,099 |
| Revenues from financial derivatives | 1,428 | | 1,428 |
| Interest income from securities | 64 | 131 | (68) |
| Rounding up of assets | 183 | 1,929 | (1,747) |
| ***TOTAL*** | ***19,505*** | ***10,792*** | ***8,713*** |

### Interest and other financial charges

**"Interest and other financial charges"** amounted to Euro 2,029,589 compared to Euro 2,047,613 in the previous year. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| Bank interest payable | 1,361,244 | 1,088,384 | 272,859 |
| Interest on loans and mortgages | 551,858 | 800,597 | (248,739) |
| Sundry interest | 59,270 | 57,709 | 1,561 |
| Charges on financial products and sundry items | 51,773 | 95,621 | (43,848) |
| Substitute tax on loans | 5,445 | 5,301 | 144 |
| ***TOTAL*** | ***2,029,589*** | ***2,047,613*** | ***(18,023)*** |

### Financial charges to subsidiaries

"**Financial charges to subsidiaries**" amounted to Euro 210,680 compared to Euro 87,362 and refer to interest for cash pooling relationships in place with the subsidiaries Sis.Pa Srl and Svimservice S.p.A., now Exprivia Healthcare It Srl.

### Profit and loss on currency exchange

The item "**profit/loss on currency exchange**" amounted to Euro 2,555 compared to Euro 7,573 in 2012 and refers to profits on currency exchange.

## INCOME TAXES FOR THE YEAR

"**Income taxes for the year**" amounted to Euro 1,224,888 compared to a negative Euro 138,371 in 2012. The table below provides details on the items.

| Description | 31/12/2013 | 31/12/2012 | Variation |
|---|---|---|---|
| IRES | 269,883 | (377,219) | 647,102 |
| IRAP | 1,495,758 | 1,176,676 | 319,082 |
| Other taxes on income | 7,015 | | 7,015 |
| Deferred taxes | (32,356) | (38,655) | 6,299 |
| Taxes paid in advance | 73,736 | 33,737 | 39,999 |
| Prior year taxes | (589,148) | (932,909) | 343,761 |
| ***TOTAL*** | ***1,224,888*** | ***(138,371)*** | ***1,363,258*** |

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 | 6,202,194 | |
| ***Set Theory*** | ***27.5%*** | ***1,705,603*** |
| Changes in net tax | (5,199,665) | (1,429,908) |
| **Set Theory** | **1,002,529** | |
| **Income Tax** | | **275,695** |
| Interest payable | | (5,812) |
| ***IRES OF THE YEAR*** | | ***269,883*** |

The net tax change of Euro 5,199,665 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 4,927,306 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, give a true and fair view of the equity and financial situation of the company as well as its profit for the year, and they correspond to the corporate accounting records.

We would like to thank you for your trust and we invite you to approve the financial statements as presented. We also propose that the profit of Euro 4,977,305.89 be distributed as follows:

- Euro 248,865.29 to the “Legal Reserve”
- Euro 4,728,440.60 to the “Extraordinary Reserve”, in order to form an extraordinary reserve totalling Euro 4,992,230.60.

Molfetta, 12 March 2014

# 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 2013.

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 2014

| Chairman and Chief Executive Officer | Executive Manager responsible for Preparing the Corporate Accounts |
|---|---|
| **(Mr. Domenico Favuzzi)** | **(Mr. Gianni Sebastiano)** |

# EXPRIVIA S.p.A.

AUDITOR'S REPORT
ON THE STATUTORY
FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2013
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, 2013, 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 Statement, as required by the law, presents for comparative purpose the dates related to prior year that, due to the extraordinary operations detailed in next paragraph 4, are not homogeneous with those of present year. To facilitate the data comparison, the Company drew up a proper sheet included in the Explanatory note. For the opinion related to previous year financial statement reference should be made to our audit report issued on March 26, 2013.

3. In our opinion, the statutory financial statements of Exprivia S.p.A. as of and for the year ended December 31, 2013 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. As adequately indicated in the management report, during year 2013 Exprivia Group started an important organization process finalized to create specific "business units" able to better reach the reserve business market and, in the same time, granting a higher flexibility on its internal process and a good management of the economic and financial flows. The operation, started with the change of the Company's juridical form in "Società a responsabilità limitata (S.r.l.)", for all controlled company at 100%, is going on through the merger for incorporation of Realtech Italia S.r.l. and Datilog S.r.l. in Wel.Network S.r.l.(now Exprivia Enterprise Consulting S.r.l.) , of Exprivia Solutions S.r.l. and Infaber S.r.l. in Exprivia S.p.A. and of Gruppo Soluzioni Informatiche – GST S.r.l. in Swimservice S.r.l. (now Exprivia Healthcare IT S.r.l. ). To complete the organization process has been just approved a project concerning the transfer of the business branches Bank, Health and SAP of Exprivia S.p.A. to the controlled companies Sis.pa. S.r.l. Exprivia Healthcare IT S.r.l. and Exprivia Enterprise Consulting S.r.l. respectively.

5. The Directors of Exprivia S.p.A. are responsible for the preparation of the Report on Operations and the annual Report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual Report on Corporate Governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n.001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual Report on Corporate Governance are consistent with the financial statements of the Exprivia S.p.A. as of and for the year ended December 31, 2013.

Milano, Italy March 26, 2014

PKF Italia S.p.A.

*Signed on the original by*

Michele Riva
*(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 FOR THE YEAR ENDED 31 DECEMBER 2013 PURSUANT TO ART. 153 OF LEGISLATIVE DECREE 58/98**

Dear Shareholders,

In this report, the Board of Statutory Auditors reports on the supervisory activities performed and any other information required by Legislative Decree no. 58 of 24 February 1998 and art. 2429 of the Civil Code, also making reference to Consob Communication no. DEM/1025564 of 6 April 2001 (of which this report outlines the descriptive layout). The supervisory activities concerned both ordinary and extraordinary transactions, and were carried out by making reference to the Principles of Conduct of the Board of Statutory Auditors approved by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants).

All our work was acknowledged in the minutes of the 10 Board meetings held during the course of 2013.

The financial statements of the company for the year ended 31/12/2013 posted a profit for the year of Euro 4,977,306 and were communicated to the Board of Statutory Auditors together with the Directors' report in accordance with the legal terms.

The Board of Statutory Auditors verified observance of the legal provisions as regards its formation through the proper controls and information provided by the Independent Auditors.

Our work was characterised, in the first place, by the monitoring of observance of the law, the memorandum of association and the articles of association, as well as the principles of proper administration.
First of all, we invited the Board of Directors and, in particular, the "Executive Manager" responsible for preparing the financial information on 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 relation to "*information to be supplied in financial reports (annual and half-yearly financial statements) on checks for the reduction of the value of assets (impairment testing), on the contractual clauses of payables and on the "Fair value hierarchy""*.

1. The Directors regularly and exhaustively informed the Board of Statutory Auditors of the most significant economic, financial and equity transactions carried out by Exprivia SpA in 2013. These transactions are described in more detail in the Directors' Report drafted by the Directors, to which reference should be made for more information.

   In the Board's opinion, the transactions conform to the law and the memorandum of association, are in the company's interests, are not manifestly imprudent or hazardous, and are in keeping with the resolutions adopted by the Shareholders' Meeting and the Board of Directors.

2. The **extraordinary transactions** are outlined in detail in the Directors' Report. In particular, the following should be highlighted:
   a) On 10 April 2013, Exprivia do Brasil Serviços de Informatica Ltda approved the share capital increase by Exprivia SpA for an amount of Euro 510,000.00 and by Simest SpA for an amount of Euro 490,000.00. By virtue of this increase, the company is now owned as follows: Exprivia SpA: 53.680% / Simest SpA: 46.145% / Christian Roberto Maggioni 0.175%.

   b) On 23 April 2013, the company resolved to cover the losses and reconstitute the share capital of Datilog Srl; as the minority shareholder waived its right to participate in the transaction, Exprivia SpA became the sole shareholder.

   c) On 30 April 2013, the sale agreement was concluded with the shareholder G&K for the sale of Realtech Italia SpA's shares to Exprivia SpA, which became the sole shareholder.

   d) On 3 May 2013, the sales agreement was concluded for the sale of Exprivia SpA's shares held in TraxAll Srl to the majority shareholder UVET SpA.

   e) On 29 May 2013, the subsidiary GST S.r.l. sold its 24.9% interest in the company PerVoice SpA.

   f) On 11 February 2014, Exprivia SpA signed a binding agreement for the acquisition of all the share capital of Devoteam auSystem Spa.

3. **Company streamlining project.** On 23 April 2013, the Board of Directors approved a company streamlining project for the Exprivia Group, concluding the first part during the year through the following transactions:

   a) 15 October 2013. **Merger by incorporation** of the companies **Realtech Italia Srl** and **Datilog Srl** into **Wel.Network Srl**, with the change of company name to Exprivia **Enterprise Consulting Srl**.

   b) 28 October 2013. The **merger by incorporation** of the companies **Exprivia Solutions Srl** and **Infaber Srl** into **Exprivia SpA**.

   c) 13 December 2013. The **merger by incorporation** of the company Gruppo Soluzioni Informatiche – **GST Srl** into **Svimservice Srl** with the simultaneous change of company name to Exprivia Healthcare IT and transfer of headquarters to Trento.

   d) 16 December 2013. Exprivia SpA's Board of Directors resolved the second part of the corporate structuring project which will be completed in 2014 with the transfer of Exprivia SpA's Banking, Healthcare and SAP business branches to the subsidiaries Sis.Pa. Srl, Exprivia Healthcare IT Srl and Exprivia Enterprise Consulting Srl respectively.

4. The Board of Statutory Auditors, which met with the Independent Auditors in this regard, did not identify any anomalies in relation to atypical and/or unusual transactions with third parties or affiliates, or intercompany transactions carried out by Exprivia SpA.
   Ordinary transactions between Exprivia SpA and related parties, trade relationships and collaborations all occurred under normal market conditions and in keeping with the company's interests, as they are targeted at rationalising the Group's 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 company's Board of Directors adopted a new "Procedure for Transactions with Affiliates", setting forth provisions governing transactions with affiliates, in order to ensure the substantive and procedural transparency and correctness of transactions with affiliates carried out directly or through companies that are directly and/or indirectly controlled by Exprivia ("Exprivia Group").
   It should be noted that, on 23 April 2013, Exprivia SpA disbursed an interest-bearing, short-term unsecured loan of Euro 400,000.00 to its parent company Abaco Innovazione SpA.
   On 16 October 2013, the parent company Abaco Innovazione SpA paid Exprivia the first interest instalment for prepayment of the loan on 23 April 2013.
   On 17 October 2013, earlier than the envisaged expiry, Abaco Innovazione SpA paid the subsidiary Exprivia Euro 200,000.00 of the interest-bearing loan received on 26 October 2012, including accrued interest.
   On 24 October 2013, Exprivia SpA carried out a minor transaction with an affiliate, involving an interest-bearing loan repayable in a lump-sum, expiring 18 months from the disbursement, for an additional Euro 400,000 to the parent company Abaco Innovazione SpA.
5. The Board believes that the information provided in the Directors' Report drafted by the directors regarding intercompany transactions and transactions with affiliates is adequate, and details the company's interest in performing said transactions.
   With reference to the introduction of International Accounting Standards (IAS), shareholders should bear in mind that the company adopted said criteria from 2005, both in its own financial statements and in the statutory financial statements of the subsidiaries.
6. The Provision for Tax Dispute Risks amounted to Euro 532,583 and is deemed consistent by the Board of Directors for the rulings which upheld our claims, with the subsequent cancellation of the assessment notices by the Regional Tax Commission of Milan.
   As regards the assessment notices of the Bari Inland Revenue Agency for the years 2005 (IRAP and IRES) and 2006 (IRES), the Bari Provincial Tax Commission, by means of a judgment on 12 April 2013, cancelled 2006 IRES and partially cancelled 2005 IRES – IRAP.
   Appeals are pending at the Bari Regional Tax Commission.

7. On 17 April 2013, at 15.00, at Exprivia Spa's registered office in Molfetta, via Olivetti 11/A, during the statutory audit, the Board of Statutory Auditors was informed by the company Chairman, Domenico Favuzzi, of the complaint pursuant to art. 2408 of the Civil Code received on 16 April 2013 by the company from shareholder Carlo Fabris regarding the subject set forth in art. 2497 et seq. of the Civil Code.
   At the Ordinary Shareholders' Meeting on 18 April 2013, the Chairman of the Board made the following statement, recorded in the minutes by the secretary of the shareholders' meeting, notary Pasquale De Candia, as follows:

   - *"As regards the complaint submitted by shareholder Carlo Fabris, which the Board of Statutory Auditors, as regards matters within its competence, reserves the right to examine and respond to with an independent written brief;*
   - *bears in mind that said complaint appears to be irregular given that, even though it was submitted in accordance with art. 2408 of the Civil Code, it was sent to the company's certified e-mail address and not addressed directly to the Board of Statutory Auditors".*

   The Board examined the object of the complaint, recording its opinion in the report on the quarterly audit commenced on 17 April and concluded on 18 April as follows:

   *"In this regard, the Board firstly notes that the complaint was not received directly by the Board of Statutory Auditors and, in any case, deems that only the first paragraph of the communication falls within its competence.*
   *After an in-depth examination, the Board recognises that the company Exprivia s.p.a., as per the Certificate of Registration with the Italian Chamber of Commerce, recorded, on 26.10.2005, under index no. MI-2005-309893, in the appropriate section of the Register of Companies held by the Milan Chamber of Commerce, Industry, Craftsmanship and Agriculture, the company Abaco Innovazione s.p.a. as the legal entity that exercises management and coordination activities pursuant to art. 2497 of the Civil Code. It also notes that the information relating to the management and coordination of the company Abaco innovazione s.p.a. is reported in the following acts and documents, subject to approval by the shareholders' meeting called on 18 and 19 April 2013:*
   *Directors' report, page 46;*
   *explanatory notes to the financial statements, page 122;*
   *report of the Board of Statutory Auditors on the financial statements, page 5, paragraph 18;*
   *corporate governance and ownership report, page 5, letter m.*
   *These acts and documents are filed, in accordance with the legal terms, at the registered office of Exprivia s.p.a., Consob and Borsa Italia, and are also published on the company's website. However, it should be noted that the documents used by the company for correspondence bear the wording 'company subject to management and coordination by Abaco Innovazione s.p.a.'*
   *Therefore, the Board highlights that the information on coordination and management supplied to shareholders and third parties is contained in the corporate documents*

*shown above and its omission is not classed as significant for the purposes of the regular calling of the shareholders' meeting; although the Board reiterates that the call notice of the shareholders' meeting does not specifically indicate the entity that exercises management and coordination activities.*
*On conclusion of the analysis, the Board will inform the administrative body without delay so it can account of it.*
*The Board appoints the Chairman to communicate the following text to the shareholder Fabris: "the Board met to review your complaint pursuant to art. 2408 of the Civil Code and will take account of it in the report of the next shareholders' meeting".*

On 23/03/2013, at 14.50, the Chairman of the Board sent Carlo Fabris, copying the company's senior management, CFO Manager and Legal Department, the following communication via certified e-mail:

*"Dear Shareholder Carlo Fabris,*
*the Board learned of your complaint in the afternoon of 17/04/2013 pursuant to art. 2408 of the Civil Code, sent via certified e-mail exclusively to the company.*
*The Chairman of the Board promptly informed the Ordinary Shareholders' Meeting of Exprivia SpA of said complaint, held on 18/04/2013 in Molfetta.*
*This act was recorded in the minutes by the secretary of the Shareholders' Meeting, Notary Pasquale de Candia.*
*The Board then met to review your complaint pursuant to art. 2408 of the Civil Code and will take account of it in the report of the next shareholders' meeting.*
*As was our duty to communicate."*

8. During the year, Exprivia SpA did not confer any assignments to entities with ongoing relations with the Independent Auditors PKF Italia SpA.

9. As a result of Exprivia SpA's compliance with the Corporate Governance Code, the company's Board of Directors, on the proposal of the Remuneration Committee, defined a general policy for the remuneration of executive directors, other directors holding special offices and executives with strategic responsibilities, which was approved by the Shareholders' Meeting on 28 April.
On 12 March 2014, the Board of Directors approved the "Annual remuneration report", to which reference should be made for in-depth information on the following subjects: Remuneration of Directors and Executives with strategic responsibilities published in accordance with art. 123-bis, paragraph 2, letter d) of the Consolidated Finance Act and which will be presented to the Shareholders' Meeting called to approve the 2013 Financial Statements on 23-24 April 2014.

10. The Board of Statutory Auditors met 10 times in 2013. The statutory auditors also took part in 11 meetings of the Board of Directors. As indicated in regulation 8.C.4 of the Corporate Governance Code for Listed Companies, the Chairman of the Board also took part in 5 meetings of the Risk and Control Committee and 2 meetings of the Remuneration Committee.

The Executive Committee was not appointed.

11. The Board of Statutory Auditors obtained knowledge of and monitored, for matters within its competence, compliance with the principles of proper administration, through direct observations and by gathering information from company managers and meetings with the managers of the Independent Auditors, for the mutual exchange of significant data and information. No remarks need to be made in this regard.

12. The Board of Statutory Auditors obtained knowledge of and monitored, for matters within its competence, the company's organisational structure and the company organisational chart. No changes occurred with respect to information illustrated in the previous year's report.

13. The Board also monitored the adequacy of the internal control system. Work was performed in this area in collaboration with the managers responsible for coordinating the Group's administrative procedures, by also taking advantage of exchanges of information with the Independent Auditors for matters within its competence.

14. Quality certification: Exprivia maintained the ISO 9001/2008, ISO 13485 and ISO/IEC 27001 certifications and CE marking class 11b in the months of November and December 2013.

    Environmental Management System: Exprivia Spa and Exprivia Healthcare IT Srl obtained the ISO 14001:2004 certification.

15. Information Management Systems for the traceability of cash flows pursuant to art. 3 of Law 136/2010: the cash flow management systems and relevant supporting information systems were adapted with the revision of sales and distribution cycle and purchasing cycle processes.

16. Management of privacy procedures: the procedure conforms to international regulation ISO/IEC 27001. No changes were made to the DPS (Information Security Planning Document), as it is deemed adequate to meet the requirements of Decree Law 5/2012.

17. The administrative-accounting system is suitable and reliable in terms of correctly representing operating events. In particular, it should be noted that, in 2013, all companies were integrated in the holding company's IT system, hence standardising procedures, with the exception of: Exprivia SL (Spain), Spegea Scarl, Sis.Pa. Srl, ProSap SL (Spain) and Exprivia do Brasil.

18. The company has its own "ORGANISATION, MANAGEMENT AND CONTROL MODEL" pursuant to Legislative Decree 231/2001 and has set up the supervisory body integrated with Exprivia SpA's Code of Ethics.

19. Personnel management: the IT system is adequate and its extension to other Italian Group companies was completed in 2013.

20. Exprivia Spa provided its subsidiaries with the necessary provisions to fulfil the communication obligations set forth by law regarding public disclosures (art. 114,

paragraph of Legislative Decree 58/98).

In 2013, the Board verified that the Supervisory Body carried out its audit activities and continued, in the various areas, with the changes required by the legislation, particularly with the insertion of Special Sections A (offences against Public Administration) and E (Anti-money Laundering Regulations).

21. Exprivia Spa regularly performs the function of “Management and Coordination" pursuant to art. 2497 et seq. of the Civil Code.
22. Management and coordination activity, pursuant to art. 2497 et seq. of the Civil Code is performed by the parent company Abaco Innovazione Spa, with registered office in Molfetta (BA), viale Olivetti 11/A. No censurable conduct was recorded.
23. On 12 March 2014, the Board of Directors approved the Draft Financial Statements of Exprivia SpA as at 31 December 2013. A total of 51,883,958 shares were in circulation, with a nominal value of Euro 0.52 each, for a corresponding Share Capital of Euro 26,979,658.16.

    Therefore, as at 31 December 2013, the share capital was subdivided as follows:

    - 3 shareholders with stakes of more than 2% holding 27,978,579 shares, representing 53.9253% of share capital
    - 1,224,591 treasury shares equal to 2.3602% of share capital
    - 22,680,788 free float shares equal to 43.7145 % of share capital
24. We verified with the Independent Auditors PKF that the asset valuations are consistent with the book values.
25. The “Corporate Governance and Ownership Report" was approved at the meeting of the Board of Directors on 12 March 2014. The Board deems the document to be adequate in respect of the size and structure of the company.
26. As regards Corporate Governance, the company applies a corporate governance model, which refers, in terms of the most important aspects, to the Corporate Governance Code for Listed Companies. In particular:

    - The Ordinary Shareholders’ Meeting of 18 April 2013 confirmed the appointment of Vito Albino as independent director.

      Therefore, the Board of Directors is composed, as at today’s date, of 10 members, including 3 independent members, 2 non-executive members and 5 executive directors. Two members of the Board of Directors ensure the presence of the less represented gender (so-called female quotas). The Board checked the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members. The criteria adopted conform to the requirements of articles 2 and 3 of the Corporate Governance Code.
    - the Board of Directors established:

- the Remuneration Committee, composed of 3 members of the Board of Directors, 2 of which are independent, in which the Chairman of the Board of Statutory Auditors participates.
- the Risk and Control Committee, responsible for checking the functioning of the internal control system. The Committee is composed of 3 members of the Board of Directors, 2 of which are independent, in which the Chairman of the Board of Statutory Auditors participates.

27. The monitoring activity performed by the Board of Statutory Auditors did not bring to light any omissions, censurable events or irregularities which need to be reported to the shareholders and the control bodies.
28. On 20 March 2013, on the request of the Chairman of the company's Board of Directors, the Board of Statutory Auditors issued a favourable judgment on the Board of Directors' proposal for the "authorisation to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-ter of the Civil Code".
29. Certification in accordance with art. 154 bis of Decree Law 58/98: the Board acknowledges the Certification of the Chief Executive Officer, Domenico Favuzzi, and the Executive manager responsible for preparing the corporate accounts, Giovanni Sebastiano.
30. The Board of Statutory Auditors acknowledges the judgement issued by the Independent Auditors PKF Italia Spa in its report dated 26 March 2014, pursuant to articles 14 and 16 of Legislative Decree 39/2010, according to which "the financial statements of Exprivia S.p.A. as at 31 December 2013 conform to the International Financial Reporting Standards adopted by the European Union, and the provisions issued in implementation of art. 9 of Legislative Decree 38/2005; therefore, they have been drafted with clarity and give a true and fair view of the capital and financial position, economic result and cash flows of Exprivia S.p.A. for the year ended 31 December 2013".

In conclusion, Exprivia S.p.A.'s Board of Statutory Auditors, based on the authorisation for approval of the company's financial statements for the year ended 31 December 2013, as drafted by the Board of Directors, has no objections to raise regarding the proposed allocation of the economic result for the year.

Milan 27 March 2014

**On behalf of the Board of Statutory Auditors**

Renato Beltrami