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TEAMSYSTEM HOLDING S.p.A.
CONSOLIDATEDFINANCIAL STATEMENTS
FOR THE YEAR ENDED 31.12.2016

DIRECTORS' REPORT

TeamSystem Holding S.p.A.

DIRECTORS' REPORT ON OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2016

Dear Sole Shareholder,

Presented below are the results for the year ended 31 December 2016 of TeamSystem Holding S.p.A. and its subsidiaries (“TeamSystem Group” or “Group”) together with comments on the operations thereof.
This directors' report accompanies the disclosures pertaining to TeamSystem Holding S.p.A.'s consolidated financial statements and illustrates the main features of TeamSystem Group's financial position at 31 December 2016 and its results for the year then ended.

All monetary amounts in this report are expressed in Euro thousands unless otherwise indicated.

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CORPORATE BODIES

BOARD OF DIRECTORS 31 Dec 2016	
VINCENZO MORELLI	CHAIRMAN
FEDERICO LEPROUX	CHIEF EXECUTIVE OFFICER
PATRICK JOHN HEALY	DIRECTOR
VINCENZO FERRARI	DIRECTOR
SERGIO AMODEO	DIRECTOR
BLAKE CHRISTOPHER KLEINMAN	DIRECTOR
PHILIP RICHARD STERNHEIMER	DIRECTOR
LUCA VELUSSI	DIRECTOR
JEAN BAPTISTE BRIAN	DIRECTOR

Following the acquisition of TeamSystem Group by private equity funds advised by Hellman & Friedman (as described in the paragraph on Significant events that took place during the financial year in this report on operations), the composition of the Board of Directors changed on 28 June, following the resignation of the previous Board Directors' member Stuart David Banks, with the appointment of Luca Velussi, Vincenzo Ferrari, Sergio Amodeo e Federico Leproux in adding to the President Christopher Blake Kleidmann and Philip Richard Sternheimer (member).
Subsequently, on 26 September 2016, the number of Board members was increased to 9, with the appointment of Vincenzo Morelli as Chairman, after Christopher Blake had waived his appointment as Chairman. Lastly on 2 December 2016 Federico Leproux was appointed as Managing Director.
The Board of Directors has a 3 year mandate up to the date of the general meeting held to approve the financial statements for the year ending 31 December 2018.

BOARD OF STATUTORY AUDITORS 31 Dec 2016	
CLAUDIO SANCHIONI	CHAIRMAN
FABIO LANDUZZI	STATUTORY AUDITOR
NICOLE MAGNIFICO	STATUTORY AUDITOR
ROBERTO PIERLEONI	ALTERNATIVE AUDITOR
CRISTINA AMADORI	ALTERNATIVE AUDITOR

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GROUP OPERATIONS AND RESULTS FOR THE YEAR

►MACROECONOMIC, SECTOR AND LEGISLATIVE CONTEXT

In the last quarter of 2016, Italy recorded economic growth of 0.2% taking the average annual growth rate in GDP to +1.1%. This figure, which was slightly better than expected, was overshadowed, however, by more positive figures achieved by other European countries. The context is that of an upturn in the economy supported by positive figures for the manufacturing sector combined with an improvement in the purchasing power of households and an increase in capital investment. The ongoing recovery in Italy is, however, mediocre if compared to that of the other major European nations and marks the existence of a systematic gap that still remains despite the latest governmental reforms.

The forecast for 2017 is modest and is below 1%. On the economic front, Italian confidence indicators have shown prevalently negative diverse trends with the exception of business confidence indicators that gained ground on all fronts apart from trading enterprises.

Figures relating to new VAT number registrations were negative, with decrease in 2016 by 3.3% compared to 2015 (source: Fondazione Nazionali Commercialisti).
According to figures released by Assintel, in 2016 the IT market reached an estimated value of € 25 billion, representing growth of 3.1%. All sectors performed well, with B2C eCommerce having stood out from the others. Significant growth (+16%) was achieved by digital enablers: Internet of Things, Customer Journey projects, Big Data and Cyber Security.

All segments, except for Local Authorities, have started investing again in the overall IT market: Industry (+3.7%), Insurance (+4.9%) and Banks (+3.6%), Telecommunications (+3.4%), Transport and Logistics (+4.8%) and Utilities (+4.9%); there has also been a positive figure for the Trade/Distribution/Services segment, which has re-emerged from a long extremely negative period, even though the figure in question was “only” +2.6%; there has been strong growth in B2C eCommerce of +17%; the figures relating to PA have not been too encouraging, with modest growth in expenditure by central PA (+2.3%) and Health (+1.9%) and, as previously stated, a decrease by Local Authorities (-2.1%).

As regards the areas on which expenditure has been made, the breakdown of expenditure shows significant growth of cloud +19.5%, even though, in absolute value terms it is still a minor component; whereas IT Services, despite no longer evidencing negative growth, as was the case in 2015, grew slightly (+1.2%) and Hardware & Technical Support continued to evidence negative growth of -0.5%. The highest growth was that of Software of +3.9%, with peaks of +31.2% relating to Digital Marketing and +12.6% relating to Business Intelligence (source: 2016 Assintel Report).

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►SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR

Acquisition of the previous TeamSystem Group by Private Equity Funds advised by Hellman & Friedman

On 1 March 2016, Hellman & Friedman equity funds acquired a controlling interest in TeamSystem Group ("the Acquisition") from the previous shareholders (inclusive of HG Capital, the majority shareholder). On completion of the transaction, Hellman & Friedman private equity funds held a controlling interest in TeamSystem Group of 87.89% whereas the remaining interest was held by HG Capital 8.54% and senior and middle Management of TeamSystem Group 3.57%.

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the € 45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the "Original RCF") was fully repaid and cancelled. Barolo BidCo S.p.A. has now a new € 65 million revolving credit facility (the "RCF"), the proceeds of which can be made available to TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes ("Senior Notes") to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.'s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management.

On 20 May 2016, Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the "Senior Secured Notes"). On the same day, TeamSystem Holding S.p.A. repaid its existing € 430 million 7.375% Senior Secured Notes due 2020 ("Existing Notes") using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

As a consequence of the transactions described above, general meetings of the shareholders of TeamSystem Holding S.p.A. held on 11 February, 28 June, and 3 November 2016 appointed a new Board of Directors (which shall remain in office for three years, that is, up to the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2018) that is comprised as follows:

- Vincenzo Morelli
- Federico Leproux;
- Vincenzo Ferrari;
- Sergio Amodeo;
- Patrick John Healy;
- Blake Christopher Kleinman;
- Philip Richard Sternheimer;
- Luca Velussi;
- Jean Baptiste Brian

Blake Christopher Kleinman was initially appointed as Chairman of the Board of Directors, but he was subsequently replaced by Vincenzo Morelli, effective 3 November 2016, although he continued to serve as a Director. The shareholders in general meeting also passed a resolution not to award any remuneration to the aforementioned members of the Board of Directors for their services as Directors. On 2 December 2016, the Board of Directors of TeamSystem Holding S.p.A. appointed Federico Leproux as Managing Director.

Merger in TeamSystem S.p.A., of TeamSystem Holding S.p.A. and of Barolo BidCo S.p.A.

Subsequent to the Acquisition, on 6 October 2016, a reverse merger took place involving TeamSystem S.p.A. (surviving company), TeamSystem Holding S.p.A. and Barolo Bidco S.p.A. (the latter two being absorbed companies, which were extinguished as of the merger's effective date for legal purposes). The effective date for accounting purposes was backdated to 1 March 2016, the date on which Barolo Bidco S.p.A. effectively acquired ownership of TeamSystem Group. After the transactions described above, Barolo Midco S.p.A., the new parent and holding company of TeamSystem Group, was renamed TeamSystem Holding S.p.A.
The decision to proceed with a reverse merger was due to the need for the largest operating company within TeamSystem Group to retain all its own complex legal relationships and licences, thus simplifying and avoiding the administrative burden of transferring licences and approvals, as well as substituting the company in all of its commercial relationships.

Barolo Midco S.p.A., which was subsequently renamed TeamSystem Holding S.p.A. as described above, was formed on 1 December 2015 and has not thus prepared financial statements for the 2015 financial year (neither separate nor consolidated, given that it did not hold any equity investments at 31 December 2015); as a consequence of the foregoing, no comparatives have been presented for the year ended 31 December 2015. The Consolidated Statements of Profit or Loss include the results of the previous TeamSystem Group for 10 months, from the acquisition date (1 March 2016) to the closing date of 31 December 2016.

During the course of 2016, the Group's organisational structure continued to be strengthened with the objective of meeting demands for growth laid down by the new business plan.
These organisational changes form part of an investment framework that the Group continues to enact upon to structure and strengthen itself to be able to take advantage of the opportunities and meet the needs of a market that continues to evolve.

Acquisitions completed during the year

Euresys S.r.l.
On 11 March 2016, TeamSystem Group completed the acquisition of a 60% interest in Euresys, a company that has operated in the HR management software market for more than twenty years.
The consideration paid was € 1.2 million. The remaining 40% will be acquired subsequently through a put and call option mechanism. Euresys reported total revenue in 2016 of approximately € 2 million.
The software solutions offered by Euresys permit the complete management of human resources within any Italian business thanks to its advanced capabilities in the following areas: attendance records, management of CVs and career paths, expense claims and access control.
The company brings with it consolidated experience in the HR sector with more than 2,300 active customers in Italy. Its flagship products enable a more attentive and efficient management of human capital and are capable of interfacing in real time with TeamSystem's management software.

Lira S.r.l.
On 11 March 2016, TeamSystem Group completed the acquisition of a 100% interest in Lira, TeamSystem Group's historical Turin-based dealer, which focuses mainly on the accountants sector. The consideration paid was € 2 million.
Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub. Euresys reported total revenue in 2016 of approximately € 2.4 million.

Acquisition of ECI Denmark ApS and its subsidiaries
In April and May 2016, the subsidiary TeamSystem S.p.A. completed the acquisition of a 100% equity interest in ECI Denmark ApS (which changed its name in Reviso International ApS in June 2016), a Danish software house, which has developed Cloud/SaaS-native management software for accounting and invoicing targeted mainly at SMEs.
The acquisition of ECI Denmark ApS represents a key pillar of the Group's cloud strategy and will strengthen TeamSystem Group's cloud product range.

Acquisition of Mondora S.r.l.
On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 51% of Mondora S.r.l., a company that develops and commercializes advanced cloud/Saas solutions using agile programming techniques.
The remaining 49% will be acquired subsequently through a put and call option mechanism. Mondora will contribute to TeamSystem S.p.A. bringing new capabilities in the development of advanced cloud/Saas solutions, a strategic expertise needed to achieve ambitious TeamSystem S.p.A. cloud growth targets and will be the key player for the implementation of HUB B2B and other SaaS/cloud solutions that will be sold through TeamSystem S.p.A. commercial channels.

Acquisition of Cidiemme Informatica S.r.l.
On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 100% of Cidiemme Informatica S.r.l., a company that developed strong competences and a proprietary vertical solution “AV2000”. The company will add to TeamSystem S.p.A. a consolidated customer base of wine producers and a high quality set of competencies related to sales, delivery and development of IT solutions for wine sector, supporting in particular sales growth and enhance “Alyante Vitivinicolo”, a TeamSystem S.p.A. vertical solution for wine production.

Acquisition of Informatica Veneta S.r.l
On September 2016, the subsidiary Inforyou S.r.l. completed the acquisition of a 100% stake in Informatica Veneta S.r.l. which focuses mainly on cloud software for gyms and wellness centres.

Informatica Veneta S.r.l. brings with it skills, know-how, SaaS technology and cloud solutions adding almost 250 active customers.
After the acquisition Informatica Veneta S.r.l was merged by absorption into Inforyou S.r.l.

Acquisition of EasyFatt Dev S.r.l.

On October 2016, the subsidiary Danea S.r.l. completed the acquisition of a 100% stake in EasyFatt Dev S.r.l. the main activity of which is the development of software for Danea S.r.l: after it was merged by absorption into its parent company.

Acquisition of Alias Lab S.p.A. and its subsidiaries

On 22 December 2017, TeamSystem acquired a 51% controlling interest in AliasLab S.p.A., a company specialised in electronic signature and authentication services, with distinctive market positioning in Italy and with total revenue for 2016 of approximately € 13.5 million.
The transaction has made it possible for TeamSystem to leverage a series of solutions and state-of-the-art skills at European level and to immediately become a significant player in a market, such as that for digital signatures, which is destined to quadruple its value in Europe by 2020.

Acquisition of TeamSystem C&D S.r.l.

In December 2016, TeamSystem completed the acquisition of a 100% interest in TeamSystem C&D S.r.l., an established partner that operates in the Campania area and which focuses mainly on accounting paectices. The company reported total revenue in 2016 of approximately € 4.6 million.

Merger by Absorption of TeamSystem Ancona S.r.l. ,TeamSystem Roma S.r.l., TeamSystem Emilia S.r.l. and TeamSystem 2 S.r.l. into TeamSystem S.p.A.

During 2016 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption its fully owned subsidiaries TeamSystem Ancona S.r.l., TeamSystem Roma S.r.l., TeamSystem Emilia S.r.l. and TeamSystem 2 S.r.l..

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►ONGOING DEVELOPMENTS

Acquisitions, Joint Ventures and Other Business Combinations

We believe that we have demonstrated the ability to successfully integrate acquisitions. As a result, our business strategy includes acquiring businesses and entering into joint ventures and other business combinations if there is a strategic product fit or an activity that would complement our product offering.

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►SUMMARY OF TEAMSYSTEM GROUP'S RESULTS

As previously stated, TeamSystem Group was subject to a change of control during the course of 2016; for this reason, as permitted by International Financial Reporting Standards that have been adopted by the Group, the statement of profit or loss solely comprises the results of operations from the acquisition date up to 31 December 2016 (so for 10 months from 1 March 2016 to 31 December 2016).
Accordingly, to facilitate a complete understanding of the results for the year, a pro-forma statement of profit or loss has been prepared that includes the results of operations for the entire 2016 financial year and the results of the acquisition performed during the year.

The comments below thus refer to changes between the pro-forma statement of profit or loss for the 12 months ended 31 December 2016 and the official figures reported for the previous financial year, which have been restated to reflect the reclassification of certain non-recurring items impacting Revenue and Cost of services.

As shown by the table below, TeamSystem Group closed 2016 with Revenue of € 290.1 million (€ 253.3 million in 2015), Adjusted EBITDA of € 98,8 million (€ 77.2 in 2015) and a loss for the year attributable to the Group of € 52,7 million (€ 18,4 million in 2015).

Euro thousand

RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	**31 Dec 2016**	**PRO-FORMA 31 Dec 2016**	**%**	**(B) 31 Dec 2015**	**%**	**= (A) - (B) = (C) Change**	**(C) / (B) % Change**
TOTAL REVENUE	**229.395**	**290.143**	**100,0%**	**253.350**	**100,0%**	**36.794**	**14,5%**
Cost of raw and other materials	(22.602)	(27.752)	-9,6%	(23.719)	-9,4%	(4.033)	17,0%
Cost of services	(46.542)	(58.589)	-20,2%	(56.075)	-22,1%	(2.514)	4,5%
Personnel costs	(77.757)	(98.655)	-34,0%	(89.922)	-35,5%	(8.733)	9,7%
Other operating costs	(4.961)	(6.367)	-2,2%	(6.437)	-2,5%	70	-1,1%
ADJUSTED EBITDA	**77.533**	**98.780**	**34,0%**	**77.197**	**30,5%**	**21.584**	**28,0%**
Allowance for bad debts	(3.595)	(5.326)	-1,8%	(5.071)	-2,0%	(255)	5,0%
EBITDA	**73.938**	**93.455**	**32,2%**	**72.126**	**28,5%**	**21.329**	**29,6%**
Depreciation and amortization of non current assets	(54.247)	(64.825)	-22,3%	(39.149)	-15,5%	(25.676)	65,6%
Other provisions for risks and charges	(457)	(461)	-0,2%	(174)	-0,1%	(287)	165,2%
Impairment of non current assets	0	(14)	0,0%	(3.512)	-1,4%	3.498	-99,6%
Non recurring cost of personnel	(1.261)	(1.352)	-0,5%	(3.960)	-1,6%	2.608	-65,9%
Non recurring expenses	(18.366)	(6.630)	-2,3%	(6.566)	-2,6%	(64)	1,0%
OPERATING RESULT	**(393)**	**20.172**	**7,0%**	**18.765**	**7,4%**	**1.407**	**7,5%**
Net Finance Income (Cost)	(76.860)	(68.944)	-23,8%	(40.915)	-16,1%	(28.029)	68,5%
PROFIT (LOSS) BEFORE INCOME TAXES	**(77.253)**	**(48.771)**	**-16,8%**	**(22.150)**	**-8,7%**	**(26.621)**	**120,2%**
Current income tax	(13.652)	(18.651)	-6,4%	(10.691)	-4,2%	(7.960)	74,5%
Deferred income tax	15.430	15.076	5,2%	14.660	5,8%	416	2,8%
TOTAL INCOME TAX	**1.778**	**(3.575)**	**-1,2%**	**3.969**	**1,6%**	**(7.544)**	**-190,1%**
(Profit) Loss for the year - Non controlling interests	(296)	(392)	-0,1%	(234)	-0,1%	(158)	67,6%
UTILE (PERDITA) DELL'ESERCIZIO	**(75.771)**	**(52.739)**	**-18,2%**	**(18.415)**	**-7,3%**	**(34.324)**	**186,4%**

The loss of the Pro-forma, which was mainly attributable to the impact of an increase in depreciation and amortisation of non-current assets, arising from new, higher amounts allocated thereto as a result of the purchase price allocation and of an increase in finance costs payable on a higher level of debt, both of which were a consequence of the change of control of the Group. The loss for the year does not reflect the Group's normalised results of operations, which, as will be described in more detail in the forthcoming paragraphs, has again improved on the prior year's result.

As regards the operating margin, Adjusted EBITDA for 2016 has grown in absolute value terms compared to 2015 by approximately € 21.6 million, with an increase in the margin in percentage terms (as a percentage of total Revenue) to 34% for the year ended 31 December 2016 (compared to 30.4% for the year ended 31 December 2015) thanks to the operating leverage effect on costs that increased less than proportionally to Revenue.

The statement of profit or loss set out below has a different structure from the statement of profit or loss presented as part of the financial statements, mainly due to the presentation of additional performance indicators: EBITDA and Adjusted EBITDA (as defined below).

In the above table, the following captions are used:

EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation.
This is calculated as follows with reference to the format of the financial statements: Operating income before (i) Non-recurring costs (income) (ii) Asset writedowns, (iii) Depreciation and amortisation and (iv) Other provisions.

Adjusted EBITDA = equates to the above EBITDA without taking account of receivable writedowns

It should be noted that the above financial parameters are not governed by IFRS and, accordingly, the criteria adopted by TeamSystem Group for their computation may not be comparable with those adopted by other companies or groups.

As regard the TeamSystem Group' operating segments to be noted that following the acquisition of the Group by Hellman & Friedman is started a deep review of them and of the all associated management reporting.

At the date of these Financial Statement, the economic and financial data is still being prepared and reporting is still to be fully defined; waiting for the closure of the redesign of the Group's reporting structure project, have been used historical CGU Group segments, both for reporting purposes, required in accordance with IFRS 8, both the of impairment tests as at 31 December 2016.

However, below Total Revenue allocated to future operating segments:

Total Revenue Pro-Forma	Direct Channel	Indirect Channel	CORE	VERTICAL	CLOUD	OTHER (*)	TOTAL
A&M	24,5			24,9			
Licenses	13,8			17,7			
Services and Other	207			26,3			
Enterprise	**59,0**			**68,9**			
A&M	32,6						
Licenses	5,3						
Services and Other	1,7						
Professionals	**39,6**						
Total	**98,6**	**89,9**	**188,5**	**68,9**	**12,7**	**20,0**	**290,1**
COGS							(42,0)
Personell and personell like							(124,9)
Services and other operating cost							(36,8)
Allowance for bad debts							
Total Cost							**(209,1)**
(+) R & D Cost							12,4
Ifrs Ebitda							**93,5**
(+)Allowance for bad debts							5,3
Adjusted Ebitda							**98,8**

(*) The Other column includes the contribution of new acquisitions made in 2016, Hardware and other minor revenue.

Set out below is a breakdown of the main financial indicators for the 3 historical CGU operating segments through which TeamSystem Group's business is conducted: Software and Services, Education and CAD/CAM with reference to the figures reported Pro-Forma Statement of Profit or Loss for the 12 months to 31 December 2016.

OPERATING SEGMENTS 31 Dec 2016	Software and Services	Education	CAD/CAM	TOTALE	Intercompany Elimination	Total
TOTALE REVENUE	**249,1**	**11,0**	**31,6**	**291,7**	**(1,5)**	**290,1**
ADJUSTED EBITDA	**91,0**	**2,6**	**5,2**	**98,8**	**(0,1)**	**98,8**
Allowance for bad debts	(5,1)	(0,0)	(0,2)	(5,3)	0,0	(5,3)
EBITDA	**93,5**	**0,0**	**0,0**	**93,5**	**(0,0)**	**0,1**
OPERATING RESULT	**14,8**	**2,3**	**3,1**	**20,2**	**0,0**	**20,2**
PROFIT (LOSS) BEFORE TAX	**(53,4)**	**2,4**	**3,2**	**(47,8)**	**(0,9)**	**(48,8)**
PROFIT (LOSS) FOR THE PERIOD	**(55,5)**	**1,6**	**2,1**	**(51,8)**	**(0,9)**	**(52,7)**

SEGMENT INFORMATION 31 Dec 2016	Software and Services	Education	CAD/CAM	Reconciliation Intercompany	Consolidated Financial Statement
Net invested capital	1,227,963	23,963	39,597	0	1,291,523
Net financial indebtedness	(747,660)	12,566	11,027	0	(724,067)

►ANALYSIS OF TRENDS IN TEAMSYSTEM GROUP'S RESULTS

Total Pro-forma Revenue increased in 2016 by € 36,794 thousand, corresponding to 14,5% growth and amounted to € 290,143 thousand (compared to € 253,350 thousand for the year ended 31 December 2015), This change is primarily due to the following factors:

- the first-time consolidation of the results of Lira S.r.l., Euresys S.r.l., Mondora S.r.l., Cidiemme Informatica S.r.l., Reviso International Aps and its subsidiaries, Informatica Veneta S.r.l., EasyFatt Dev S.r.l., Aliaslab S.p.A., Elaide S.r.l. and TeamSystem C&D S.r.l. that contributed approximately € 24 million in terms of additional Total Revenue;
- with respect to the remainder of € 12.8 million, the change is attributable to organic growth achieved by the Group in 2016 (to be noted that the 2015 Revenues included Paradigma's Revenues for approximately € 1.5 million – subsidiary sold in September 2016 -, so net growth like for like is € 14.3 milion)

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►TEAMSYSTEM GROUP'S FINANCIAL POSITION

The tables which follow present the Group's financial position at 31 December 2016 and 2015 and highlight the Group's net invested capital and net indebtedness.

In this case, the Group's balance sheet as at December 31, 2016 are the actual figures, as they include the effects of extraordinary transactions that affected it during the year and are compared with the values of the consolidated financial statements of the pre-existing TeamSystem Holding SpA (TeamSystem pre-acquisition group by H&F funds).

Euro thousands

CONSOLIDATED NET INVESTED CAPITAL	31 Dec 2016	31 Dec 2015	Change	% Change
Trade receivables	103,367	89,850	13,517	15.0%
Inventories	1,422	1,463	(41)	-2.8%
Other receivables - current and non current	14,788	13,622	1,167	8.6%
Trade payables	(33,710)	(32,099)	(1,612)	5.0%
Other liabilities - current and non current	(57,723)	(53,404)	(4,318)	8.1%
Working Capital	**28,144**	**19,432**	**8,712**	**3.4%**
Tax assets net of Tax liabilities	**(4,082)**	**804**	**(4,886)**	**-607.8%**
Tangible assets	13,385	11,554	1,831	15.8%
Intangible assets	735,596	280,001	455,595	162.7%
Goodwill	725,340	364,363	360,976	99.1%
Other Investments	667	879	(212)	-24.2%
Non Current Assets	**1,474,987**	**656,797**	**818,190**	**124.6%**
Invested Capital	**1,499,049**	**677,033**	**822,016**	**121.4%**
Staff leaving indemnity	(18,478)	(15,931)	(2,547)	16.0%
Provisions for risks and charges	(3,906)	(2,868)	(1,038)	36.2%
Deferred tax assets (liabilities) - net	(185,143)	(63,000)	(122,143)	193.9%
Provision for contingencies and other liabilities	**(207,526)**	**(81,799)**	**(125,728)**	**153.7%**
NET INVESTED CAPITAL	**1,291,523**	**595,234**	**696,289**	**117.0%**

The amounts shown above have been taken from the financial statements; some components have been modified and/or aggregated as follows:

Net working capital is the sum of the consolidated financial statement components Inventories, Trade receivables, Tax receivables and Other current receivables, less the components Other non-current liabilities, Trade payables, Current tax liabilities and Other current liabilities.

Intangible assets as presented in the consolidated financial statements have been broken down between:

- **IAS/IFRS intangible assets** (which mainly include amounts allocated to the intangible assets: Brand, Customer relationship, Software and Other assets) that were recognised upon the allocation of the price paid for the acquisition of TeamSystem Group (by private equity funds advised by Hellman & Friedman) in the year just ended;
- **Intangible assets** that consist mainly of capitalised development costs;

Euro thousands				
CONSOLIDATED FINANCIAL SOURCES	**31 Dec 2016**	**31 Dec 2015**	**Change**	**% Change**
Financial liabilities with banks and other institutions	687,945	443,024	244,922	55.3%
Other financial liabilities	92,390	29,417	62,973	214.1%
Financing Fees	(35,468)	(13,831)	(21,636)	156.4%
Other financial assets	(1,395)	(451)	(944)	209.4%
Cash and bank balances	(19,406)	(16,534)	(2,872)	17.4%
Net Financial Indebtedness	**724,067**	**441,625**	**282,442**	**64.0%**
Share capital and reserves	642,167	171,226	470,941	275.0%
Profit (Loss) attributable to Owners of the Company	(75,771)	(18,415)	(57,355)	311.5%
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	**566,396**	**152,811**	**413,585**	**270.7%**
Non controlling interests - Capital and reserves	764	565	199	35.2%
Non controlling interests - Profit (Loss)	296	234	62	26.6%
TOTAL NON CONTROLLING INTERESTS	**1,060**	**799**	**261**	**32.7%**
FINANCIAL SOURCES	**1,291,523**	**595,234**	**696,289**	**117.0%**

The Group's net financial indebtedness at 31 December 2016 amounts to € 724,1 million, representing an increase of € 282,41 million compared to €441,6 million at 31 December 2015, whereas the Group's consolidated equity comes to € 566,4 million at 31 December 2016 versus € 152,8 million, with a leverage ratio (net financial indebtedness / equity) of 1,3, which has decreased significantly with respect to the 2015 figure of 2,9. The changes in net financial indebtedness and equity are linked to the change of control that gave rise to the acquisition by H&F private equity funds of TeamSystem Group and of the consequent reverse merger that has been previously commented upon.

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►NET WORKING CAPITAL

The following table shows the components of net working capital at 31 December 2016 and 2015:

Euro thousands				
WORKING CAPITAL	**31 Dec 2016**	**31 Dec 2015**	**Change**	**% Change**
Trade receivables	103,367	89,850	13,517	15.0%
Inventories	1,422	1,463	(41)	-2.8%
Other receivables - current and non current	14,788	13,622	1,167	8.6%
Trade payables	(33,710)	(32,099)	(1,612)	5.0%
Other liabilities - current and non current	(57,723)	(53,404)	(4,318)	8.1%
WORKING CAPITAL - TOTAL	**28,144**	**19,432**	**8,712**	**44.8%**
as a percentage of Total Revenue	**9.7%**	**7.7%**	**2.0%**	

TeamSystem Group's net working capital is influenced by seasonal factors, Net working capital is generally cash generative in the second quarter and, to a lesser extent, in the third quarter, This is mainly due to the timing of the collection of trade receivables, In fact, direct channel customer billings are particularly concentrated in January, when invoices are issued for most of the annual fees relating to maintenance and support contracts, Because of this seasonality, net working capital is generally at its maximum in the first quarter, Deferred income, which is included in Other current liabilities, has the same seasonality as sales invoicing, with an inverse correlation to trade receivables and is released to income over the course of the year.

Net working capital has increased by approximately € 8,7 million from € 19,4 million at 31 December 2015 to € 28,1 million at 31 December 2016, mainly due to an increase in Trade receivables (by an amount of € 13,5 million) only partially offset by an increase in Other current liabilities (by an amount of € 4,3 million), The increase in trade receivables is a consequence of significant growth (organic and non-organic) in Group turnover in 2016.

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►*CAPITAL EXPENDITURE*

The following table shows the capital expenditure incurred by the Group in the year ended 31 December 2016:

Euro thousands	
CAPITAL EXPENDITURE	**31 Dec 2016**
Capex - Tangible Assets	3,118
Capex - Intangible Assets	3,607
Capitalized development costs - personnel costs	8,080
Capitalized development costs - service costs	2,414
CAPITAL EXPENDITURE	**17,219**

Capital expenditure encompasses the total expenditure by Group companies in the year on tangible and intangible assets as well as the capitalisation of research and development costs thereby, With respect to capital expenditure on tangible and intangible assets, the Group has historically been characterised by a low level of capital expenditure, in line with the sector in which it operates, As regards Capitalised development costs, the Group has launched a long-term expenditure programme (Product renewal project), which was still ongoing in 2016 and that is aimed at a technological upgrade of the Group's entire software products and platforms portfolio, This led, again for 2016, to a significant amount of expenditure having been incurred (primarily by TeamSystem S,p,A,) of approximately € 10,4 million.

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►RESEARCH AND DEVELOPMENT

Again, during the course of 2016, as previously indicated, research and development activity was particularly intense, since, in addition to concentrating, as usual, on the introduction of new software products, new functionalities or new modules for existing products (so-called evolutionary maintenance), it focused on the strategic project for the renovation of the technological platform for software products (Product renewal project), as disclosed above, Again in 2016, development expenses relating solely to personnel and collaborators involved in various projects were capitalised and amortised over their estimated useful life.
The total amount of development costs capitalised in 2016 amounts to € 10,4 million.

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►FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

Foreign exchange risks

The Group is not exposed to foreign exchange risks, since the Group companies operate almost exclusively in Italy and the impact of international transactions is insignificant.

Credit risk

The credit risk is mitigated by the high fragmentation of the customer base and the high degree of customer loyalty, In any case, the customer credit policy, by customer category (resellers and end-users), envisages:
a) the control and assessment of credit standing;
b) the control of the flow of payment collection;
c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying value of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non-current financial assets.

As at 31 December 2016, the Group did not have any insurance cover for trade receivables.
The tool used by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

With respect to overdue receivables, the writedown recorded in the consolidated financial statements was determined based on a specific analysis of doubtful accounts.

Interest rate risk

The financial structure of the TeamSystem Group during the year is changed profoundly due to the debt re-matching operations accompanying the entry of Hellman & Friedman private equity funds (see also above information).
In particular, the pre-existing Bond held by the former Teamsystem Holding SpA, extinguished on May 20, 2016, in conjunction with the refinancing operations related to the new shareholder Hellman & Friedman, had a fixed rate of 7.375% on a capital of 430 € / millions. The new financial structure is mainly variable interests, as the bonds for total Nominal value of 640 € / million) are regulated at Euribor, plus spread contractually defined. The conditions applied to the RCF line (renegotiated in March 2016) are still in line, which always provides for a variable rate linked to the Euribor 3 months.

Sensitivity analysis has been conducted based on the hypotheses and assumptions set out below:
•sensitivity analysis was performed by applying reasonably possible changes in significant risk variables to amounts reported in the consolidated financial statements for the year ended 31 December 2016, that is, by assuming an increase in the Euribor rate by 100 bps;
•it was considered there would be a nil impact on the Senior Notes of € 150 million and on the Senior Secured Notes of € 490 million, since a floor of 1% has been provided for contractually for both;
•Interest rate risk exists in connection with the RCF, for which the amount recognised at 31 December 2016 amounts to € 47 million and which bears a floating base interest rate based on the Euribor rate applied to amounts drawn down.
The application of the above assumptions would increase annual finance costs by approximately € 372 thousand.

Liquidity risk

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities,
Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:
-the maintenance of an adequate level of available liquidity;
-the adoption of Cash-pooling at Group level;
-the obtainment of adequate borrowing facilities;
-the control of prospective liquidity conditions, in relation to the corporate planning process.

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►HUMAN RESOURCES

The average headcount of TeamSystem Group in the year ended 31 December 2016 was 1,842 persons and can be broken down as follows:

	Average 2016	Average 2015	Change	31 Dec 2016	31 Dec 2015	Change
Managers	49	45	5	53	45	8
Middle managers / white collars / workers	1,793	1,646	147	1,916	1,669	247
Total	1,842	1,691	151	1,969	1,714	255

The human resources employed by TeamSystem Group are an asset to be taken care of and enhanced by attentive professional growth, The Group constantly pursues the goal of improving the overall effectiveness of management, through attendance at training courses held by in-house personnel and by external collaboration.

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►INFORMATION PERTAINING TO THE ENVIRONMENT

Environmental issues are not crucial, considering that the Group operates mainly in the services sector, However, it should be noted that the parent company and other Group companies operate in a responsible and respectful manner with regard to the environment, in order to reduce the external impact of its activities.

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►SIGNIFICANT SUBSEQUENT EVENTS

Loan of € 20 million granted by the shareholder Barolo Lux 1 S.a.r.l.

On 22 February 2017, the parent company Barolo Lux 1 S.a.r.l. granted a loan of € 20 million aimed at adding some flexibility to the financing sources available to the Group, The loan is interest bearing and envisages the payment of floating interest based on the Euro currency rate plus a spread of 4 percentage points,
After 3 months have elapsed since its disbursement, the loan shall be repayable at the option of the borrower with 4 days' notice.

Acquisition of a 51% interest in Evols S.r.l.

On 9 March 2017, TeamSystem acquired a controlling interest of 51% in Evols, a company specialised in management software solutions for hotels and tourism operators, with revenue for 2016 of approximately € 3,6 million, The transaction has made it possible to enter into the hospitality software segment by leveraging state of the art Evols solutions, already integrated into the Group's software.

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►BUSINESS OUTLOOK

Revenue figures for the initial months of 2017 show, despite an unfavourable macroeconomic context characterised by factors that will prove to be challenging, an increase in consolidated turnover, above all, due to significant growth in revenue from support contracts (that provide ongoing revenue with particularly high margins).

In 2017, the Group will continue, on one hand, to pursue its strategy of organic growth, by focusing on activities aimed at increasing its operating income and, on the other hand, at strengthening its leadership of the software market, inclusive of through the acquisition of other players in the sector,
Further growth is expected in operating results, despite a reference macroeconomic scenario, which, although it is gradually improving, remains fairly weak.

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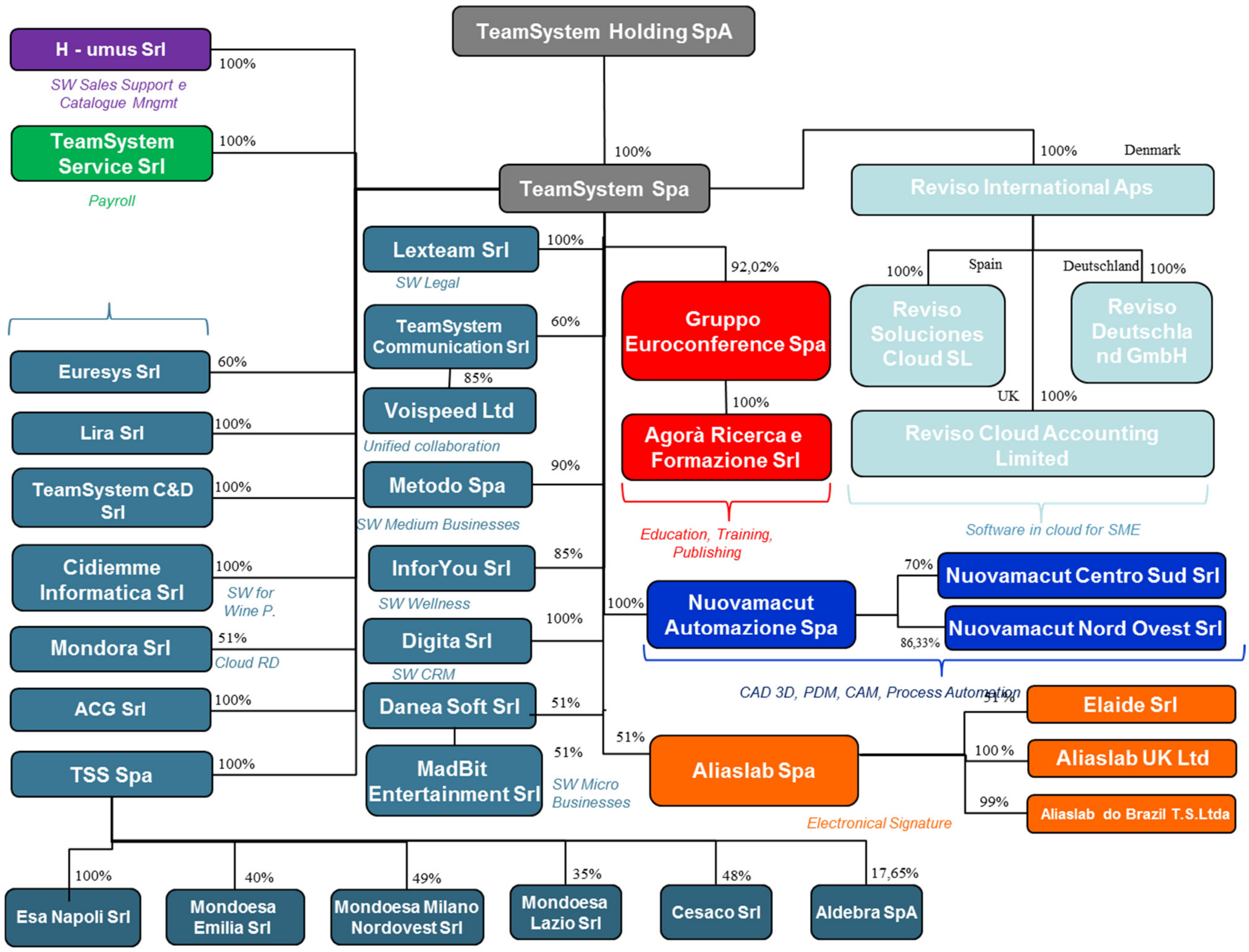
TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

►STRUCTURE OF TEAMSYSTEM GROUP AT 31 DECEMBER 2016



Notes:

- The percentage holdings shown do not comprise put and call option agreements;

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►PARENT COMPANIES AND MANAGEMENT AND COORDINATION

As at 31 December 2016, TeamSystem Holding S.p.A. is controlled pursuant to Art, 2359 of the Italian Civil Code by Barolo Lux 1 S.a.r.l., (sole shareholder), which manages and coordinates the former, We remind you that, on 1 March 2016, private equity funds advised by Hellman & Friedman acquired a controlling interest in TeamSystem Group from the previous shareholders (inclusive of HG Capital, the majority shareholder), On completion of the transaction, the private equity funds advised by Hellman & Friedman held a controlling interest in TeamSystem Group of 87,89%, whereas the remaining interest was held by HG Capital (8,54%) and senior and middle Management of TeamSystem Group (3,57%).

TeamSystem Holding S,p,A, did not hold at 31 December 2016, nor did it acquire or dispose of during the 2016 financial year, not even through trusts or nominees, any shares or quotas relating to parent companies.

►SUBSIDIARIES

Listed below are key figures relating to and a brief description of the Group companies.
It should be noted that all the following figures derives from the statutory Financial Statement for period of 12 months, except for the TeamSystem S.p.A. that reports a period of 10 months, from 1 March 2016, the data on which Hellman & Friedmann effectively acquired ownership of TeamSystem:

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	Operating Segments	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	642,798,191	48,191	EUR	SWSS			
TeamSystem S.p.A.	Pesaro	24,000,000	573,451,553	(69,102,441)	EUR	SWSS	100.00	100.00	
Lexteam S.r.l.	Pesaro	20,000	2,469,748	838,493	EUR	SWSS	100.00	100.00	
Metodo S.p.A.	Bassano (VI)	100,000	6,026,764	1,266,023	EUR	SWSS	90.00	100.00	1
Inforyou S.r.l.	Castello di Godego (TV)	31,250	3,138,534	650,525	EUR	SWSS	85.00	100.00	1
TeamSystem Service S.r.l.	Campobasso	200,000	1,377,135	567,677	EUR	SWSS	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	23,216	(2,405)	EUR	SWSS	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	3,896,097	2,521,611	EUR	SWSS	51.00	100.00	1
Digita S.r.l.	Asolo (TV)	10,000	1,087,507	579,256	EUR	SWSS	100.00	100.00	
H-Umus S.r.l.	Roncade (TV)	50,000	970,192	306,938	EUR	SWSS	100.00	100.00	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	204,105	78,783	EUR	SWSS	51.00	100.00	1 / 2
ACG S.r.l.	Pesaro	100,000	1,837,016	1,737,016	EUR	SWSS	100.00	100.00	
TSS S.p.A.	Milan	7,232,000	78,260,435	3,118,605	EUR	SWSS	100.00	100.00	
Esa Napoli S.r.l.	Naples	10,000	34,735	24,735	EUR	SWSS	100.00	100.00	8
Lira S.r.l.	Turin	18,000	686,298	225,039	EUR	SWSS	100.00	100.00	
Euresys S.r.l.	Turin	99,000	407,843	181,733	EUR	SWSS	60.00	100.00	1
Mondora S.r.l.	Milan	105,000	1,206,960	747,764	EUR	SWSS	51.00	100.00	1
Cidiemme Informatica S.r.l.	Verona	10,000	778,208	212,764	EUR	SWSS	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	112,573	47,034	GBP	SWSS	85.00	85.00	3
TeamSystem C&D S.r.l.	Naples	10,000	114,269	(560,844)	EUR	SWSS	100.00	100.00	
Aliaslab S.p.A.	Milan	156,000	6,453,245	6,264,243	EUR	SWSS	51.00	100.00	1
Elaide S.r.l.	Padua	12,000	321,422	127,542	EUR	SWSS	51.00	51.00	4
Reviso International ApS	Copenhagen	50,011	(1,178,001)	(6,326,763)	DKK	SWSS	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	6,136	6,135	GBP	SWSS	100.00	100.00	5
Reviso Soluciones Cloud S.L.	Madrid	3,000	3,855	1,409	EUR	SWSS	100.00	100.00	5
Reviso Deutschland GmbH	Berlin	25,000	28,106	3,106	EUR	SWSS	100.00	100.00	5
Gruppo Euroconference S.p.A.	Verona	300,000	9,174,844	1,676,018	EUR	Education	96.87	96.87	6
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	5,880,058	2,162,043	EUR	CAD/CAM	100.00	100.00	
Nuovamacut Nord Ovest S.r.l.	Reggio Emilia	89,957	2,640,600	1,487,817	EUR	CAD/CAM	86.34	86.34	7
Nuovamacut Centro Sud S.r.l.	Rome	10,000	398,825	238,277	EUR	CAD/CAM	70.00	70.00	7

(1) = equity interest would be 100% should put and call option be exercised;
(2) = investment held by Danea Soft S.r.l.;
(3) = investment held by TeamSystem Communication S.r.l.;
(4) = investment held by Aliaslab S.p.A.;
(5) = investment held by Reviso International ApS;
(6) = takes account of treasury shares held by Gruppo Euroconference;
(7) = investment held by Nuovamacut Automazione S.p.A.;
(8) = investment held by TSS S.pA.

As described in the basis of consolidation section relating to the consolidated financial statements. equity investments in subsidiaries are consolidated. attributing to the Group a pertinent stake that takes account of existing put and call options on account of the nature of the agreements. which. in substance. represent a deferred acquisition of equity interests.

TeamSystem S.p.A.

The company. which was set up in 1979. is the operating Parent Company of TeamSystem Group; it is located in Pesaro and is currently a 100% held subsidiary of TeamSystem Holding S.p.A.
The company develops and distributes. both through its direct branches and through a network of more than 300 specialised dealers. management software solutions for the professional and business market.

Gruppo Euroconference S.p.A.

The company is located in Verona and at 31 December 2016 was approximately a 96.73% held (of which 5% was held through treasury shares) subsidiary of TeamSystem S.p.A. following the acquisition in 2015 of a further equity interest of 0.14%. The main activities of this investee are the provision of training and professional updates. both in training rooms and on-line. for accountants. labour consultants. tax advisers. corporate administration managers and lawyers.

Lexteam S.r.l.
The company. which has its registered office in Pesaro and its operational headquarters in Pescara. is currently a 100% held subsidiary of TeamSystem S.p.A. following the acquisition in 2015 of a further equity interest of 12.5%. Lexteam develops and markets management software for legal practices.

Metodo S.p.A.
The company. which is located in Bassano del Grappa (VI). was acquired in 2007 by TeamSystem S.p.A.. which holds a controlling interest therein of 90%. Metodo develops and markets. through a network of distributors in Italy. management software for businesses.

Inforyou S.r.l.
The company. which has its registered office in Castello di Godego (TV). was acquired in 2010 and is a 75% held subsidiary of TeamSystem S.p.A. The company is specialised in the development of management software and access control systems for the sport. health and leisure sector.

Nuovamacut Automazione S.p.A.
The company. which has its registered office in Reggio Emilia. was acquired in 2010 by TeamSystem S.p.A.. which holds a 100% stake therein. The company's main activities are the resale of and support. training and consulting for CAD / PLM software solutions and it also acts as an authorised representative for the sale of machine tools.
Nuovamacut Automazione S.p.A. has controlling interests in three companies operating in Italy as distributors in the same sector. following a further simplification of the corporate structure that took place in 2014 as a result of the merger by absorption of the subsidiary NuovaMacut NordEst S.r.l.

TeamSystem Service S.r.l.
TeamSystem Service S.r.l.. which was set up by TeamSystem S.p.A. in 2010. provides payroll processing services exclusively to labour consultants. who are already TeamSystem Group customers. in order to offer them the chance to outsource lower value-added activities.

In 2014. TeamSystem Service started marketing services consisting of electronically invoicing the Public Administration and the digital storage of invoices. In order to provide a guarantee to its customers of the utmost reliability of its cloud storage service. TeamSystem Service has obtained ISO/IEC 27001 certification by BSI (British Standard Institution). a leading global certification body and was granted AGID (Digitalisation Agency) accreditation in July 2015.

TeamSystem Communication S.r.l.
The company. which has its registered office in Civitanova Marche (MC). was acquired in 2011 by TeamSystem S.p.A.. which held a controlling equity interest at 31 December 2016 of 60%. The company offers computerised telephony and communications solutions. integrated with management software. databases and CRM. The company holds an 80% equity interest in Voispeed Limited Ltd. through which its products are sold in the United Kingdom.

Danea Soft S.r.l.
The company. which has its registered office in Vigonza (PD). was acquired in 2011 by TeamSystem S.p.A.. which holds a controlling equity interest of 60%. The company develops and markets management software for small businesses. artisans and professionals.

Digita S.r.l.
The company. which has its registered office in Asolo (TV). was acquired in 2012 by TeamSystem S.p.A.. which holds a controlling equity interest of 60%. The company develops Tustena CRM software. which is based on a platform designed natively with cloud logic and which is capable of satisfying all marketing and customer management needs. as well as permitting scalability and ample possibilities for personalisation.

H-Umus S.r.l.
The company. which has its registered office in Roncade (TV). was acquired in 2012 by TeamSystem S.p.A.. which holds an equity interest of 100%. following the acquisition in 2015 of a further equity interest of 15%. The company has developed Nuxie software. a marketing and sales platform (to support commercial networks) based on iOS (Apple) technology.

ACG S.r.l.
The company. which has its registered office in Pesaro (PU). was acquired in 2013 by TeamSystem S.p.A. as part of a transaction involving the acquisition from IBM Italy S.p.A. of the business consisting of ERP and business solutions for small and medium-sized enterprises trading under the ACG brand name.

Madbit Entertainment S.r.l.

In July 2015. Danea Soft S.r.l. acquired 51% of the quota capital of Madbit Entertainment S.r.l. and entered into a put and call option agreement with respect to the remaining 49% of the quota capital. TeamSystem Group Management believes that the acquisition of Madbit Entertainment S.r.l. represents a fundamental step in the Group's growth strategy for the cloud sector. by adding a SaaS solution that is extremely important for the Group in the micro-business segment.

TSS S.p.A. (formerly 24 Ore Software S.p.A.)

The company. which has its registered office in Sesto San Giovanni (MI). was acquired in 2014 by TeamSystem S.p.A.. which holds a 100% stake. The company develops and markets software solutions for professionals. small and medium-sized enterprises. local and central public administration bodies. tax advice centres (“CAF”) and large accounts. The company has several business units. which cover. via specific products and technologies. numerous sectors:

Sole 24Ore Software Solutions: operates in the professionals. accountants and labour consultants market;
Esa Software: historical brand focused on the small and medium-sized enterprises market;
STR: focused on IT solutions for construction businesses. engineers and architects;
Office Data: specialised in services for tax advice centres;
Softlab: focused on solutions for legal practices.

Esa Napoli S.r.l.

TSS S.p.A. set up Esa Napoli S.r.l. in November 2014. The company acts as a TSS software dealer for its assigned territory.

During the course of 2016. TeamSystem Holding S.p.A. did not enter into any commercial or financial transactions with its subsidiaries. except for those relating to domestic tax group membership agreements (that are commented upon in the notes to the financial statements) and which were eliminated in the preparation of the consolidated financial statements for the year ended 31 December 2016.

With respect to transactions with parent companies. the following should be noted:

PARENT COMPANY	Trade payables	Other payables	Financial payables	Financial receivables	31 Dec 2016
Barolo Lux 1 S.à.r.l.				675	675
Total				**675**	**675**

PARENT COMPANY	Total Revenues	Non recurring revenues	Finance income	31 Dec 2016
Barolo Lux 1 S.à.r.l.			35	35
Total			**35**	**35**

The financial receivable due from the parent company Barolo Lux 1 S.à.r.l. of € 675 thousand relates to a temporary loan - that generated income of € 35 thousand in 2016 - granted in connection with the aforementioned change of control. The loan was extinguished in January 2017.

►ASSOCIATED COMPANIES

Following figures derives from the statutory Financial Statement for period of 12 months:

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	(**) Share capital	(**) Equity	(**) Profit (Loss)	Currency	Operating Segments	% held	% consolidation	Notes
Mondoesa Emilia S.r.l.	Parma	20,800	105,461	(44,578)	EUR	n.a.	40.00	40.00	1
Mondoesa Lazio S.r.l.	Frosinone	20,800	293,828	19,181	EUR	n.a.	35.00	35.00	1
Mondoesa Milano Nordovert S.r.l.	Milan	50,000	42,246	(7,754)	EUR	n.a.	49.00	49.00	1
Cesaco S.r.l.	Vicenza	90,000	175,692	9,112	EUR	n.a.	48.00	48.00	1
Aldebra S.p.A.	Trento	1,398,800	1,441,778	(183,435)	EUR	n.a.	17.65	17.65	1

(1) = investment held by TSS S.p.A.
(**) = the amounts relate to the financial statements for the year ended 31 December 2015

A summary is provided below of balances at 31 December 2016 with associated companies and transactions therewith in the year then ended.

	Trade and Other receivables	Financial receivables	31 Dec 2015	Trade and Other payables	Financial liabilities	31 Dec 2015
INVESTMENTS IN ASSOCIATES						
Mondoesa Emilia S.r.l.	19		**19**	40		**40**
Mondoesa Lazio S.r.l.	14		**14**	46		**46**
Mondoesa Milano Nordovest S.r.l.	104		**104**	5		**5**
Cesaco S.r.l.			**0**	51		**51**
Aldebra S.p.A.	2		**2**			**0**
Total	**139**	**0**	**139**	**142**	**0**	**142**

	Total Revenues	Non recurring revenues	Finance income	31 Dec 2015
INVESTMENTS IN ASSOCIATES				
Mondoesa Emilia S.r.l.	874			**874**
Mondoesa Lazio S.r.l.	268			**268**
Mondoesa Milano Nordovest S.r.l.	874			**874**
Cesaco S.r.l.	22			**22**
Aldebra S.p.A.	408			**408**
Total	**2,446**	**0**	**0**	**2,446**

	Operating costs	Other provisions	Non recurring expenses	Finance cost	Income taxes	31 Dec 2015
INVESTMENTS IN ASSOCIATES						
Mondoesa Emilia S.r.l.	127					**127**
Mondoesa Lazio S.r.l.	236					**236**
Mondoesa Milano Nordovest S.r.l.	8					**8**
Cesaco S.r.l.	158					**158**
Aldebra S.p.A.	0					**0**
Total	**529**	**0**	**0**	**0**	**0**	**529**

►RELATED COMPANIES

The company and TeamSystem Group have not been party to any transactions with related companies that merit disclosure. other than those previously commented upon.

►REGISTERED OFFICE. ADMINISTRATIVE OFFICES. ANCILLARY ESTABLISHMENTS AND OTHER CORPORATE INFORMATION

Set out below are TeamSystem S.p.A.'s various premises:

- registered and administrative offices: Via Sandro Pertini 88. Pesaro (PU);

TeamSystem Holding S.p.A.'s tax code is as follows: 09290340968.
TeamSystem Holding S.p.A. is registered with the Pesaro Chamber of Commerce (registration No. 196739).

The consolidated and separate financial statements of TeamSystem Holding S.p.A. for the year ended 31 December 2016 have been audited by Deloitte & Touche S.p.A.

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Sesto San Giovanni, 18 March 2017

On behalf of the Board of Directors of
TeamSystem Holding S.p.A.
Managing Director
Federico Leproux

TeamSystem Holding S.p.A.
and subsidiaries
TeamSystem Group

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**31 Dec 2016**	**NOTES**
Revenue	227,202	**1 / 2**
Other operating income	2,193	**1 / 2**
TOTAL REVENUE	**229,395**	**1 / 2**
Cost of raw and other materials	(22,602)	**3**
Cost of services	(46,542)	**4**
Personnel costs	(79,019)	**5**
-of which non recurring	(1,261)	
Other operating costs	(4,961)	**6**
Non recurring expenses	(18,366)	**7**
Depreciation and amortization of non current assets	(54,247)	**12 / 13**
Allowance for bad debts	(3,595)	**20**
Other provisions for risks and charges	(457)	
OPERATING RESULT	**(393)**	
Share of Profit (Loss) of associates	(114)	
Finance income	117	**8**
Finance cost	(76,863)	**9**
-of which non recurring	(23,953)	
PROFIT (LOSS) BEFORE INCOME TAXES	**(77,253)**	
Current income tax	(13,652)	**10**
Deferred income tax	15,430	**10**
-of which non recurring	2,795	**10**
TOTAL INCOME TAX	**1,778**	
PROFIT (LOSS) FOR THE YEAR	**(75,475)**	
(Profit) Loss for the year - Non controlling interests	**(296)**	
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	**(75,771)**	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Dec 2016	NOTES
PROFIT (LOSS) FOR THE YEAR	**(75,475)**	
Actuarial evaluation of Staff leaving indemnity	(761)	24
Tax effect	183	24
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	**(579)**	
Exchange rate differences	(6)	
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**(6)**	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(76,060)**	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(290)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	**(76,351)**	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
ASSETS	**31 Dec 2016**	**NOTES**
Tangible assets	13,385	12
Intangible assets	735,596	13
Goodwill	725,340	14
Other Investments	335	16
Investments in associates	331	16
Deferred tax assets	13,732	17
Other financial assets - non current	250	18
TOTAL NON CURRENT ASSETS	**1,488,969**	
Inventories	1,422	19
Trade receivables	103,367	20
Tax receivables	1,752	21
Other receivables - current	14,788	22
Other financial assets - current	1,145	18
Cash and bank balances	19,406	18
TOTAL CURRENT ASSETS	**141,879**	
TOTAL ASSETS	**1,630,848**	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
EQUITY AND LIABILITIES	**31 Dec 2016**	**NOTES**
Share capital	5,450	23
Other reserves	636,717	23
Profit (Loss) attributable to Owners of the Company	(75,771)	23
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	**566,396**	
Non controlling interests - Capital and reserves	764	23
Non controlling interests - Profit (Loss)	296	23
TOTAL NON CONTROLLING INTERESTS	**1,060**	
TOTAL EQUITY	**567,456**	
Financial liabilities with banks and other institutions - non current	640,000	18
Financing Fees - non current	(24,828)	18
Other financial liabilities - non current	81,497	18
Staff leaving indemnity	18,478	24
Provisions for risks and charges	3,906	25
Deferred tax liabilities	198,874	17
Other liabilities - non current	698	27
TOTAL NON CURRENT LIABILITIES	**918,625**	
Financial liabilities with banks and other institutions - current	47,945	18
Financing Fees - current	(10,640)	18
Other financial liabilities - current	10,893	18
Trade payables	33,710	
Tax liabilities - current	5,834	26
Other liabilities - current	57,025	27
TOTAL CURRENT LIABILITIES	**144,767**	
TOTAL LIABILITIES	**1,063,392**	
TOTAL EQUITY AND LIABILITIES	**1,630,848**	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2016	NOTES
Operating Result	**(393)**	
Depreciation and amortisation of non-current assets	54,247	
Amortisation, Depreciation, Write-off, Impairment	**54,247**	
Trade receivables	68,112	
Inventories	50	
Other receivables - current	1,754	
Trade payables	(143)	
Other liabilities - current	(67,477)	
Other liabilities - non current	(52)	
Change in Working capital	**2,245**	
Staff leaving indemnity	(617)	
Provisions for risks and charges	(39)	
Change in provisions	**(656)**	
Income tax	**(12,606)**	
CASH FLOWS FROM OPERATING ACTIVITIES	**42,836**	
Tangible assets	(3,118)	
Intangible assets	(3,607)	
Capitalized development costs - personnel costs	(8,080)	
Capitalized development costs - service costs	(2,414)	
Capital Expenditure	**(17,219)**	
Acquisition of investments	(811,698)	11
Cash and bank balances at the date of acquisition	37,594	11
Acquisition of investments	**(774,105)**	
CASH FLOWS FROM INVESTING ACTIVITIES	**(791,324)**	
Financial balance paid / cashed-in and change in financial assets / liabilities	**171,508**	11
Financing Fees paid	**(39,639)**	
Vendor loan paid	**(6,575)**	11
Dividends paid	**(163)**	
Other changes in Equity	**642,700**	
CASH FLOWS FROM FINANCING ACTIVITIES	**767,832**	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	**19,344**	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	**13**	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	**50**	
CASH AND BANK BALANCES - END OF THE YEAR	**19,407**	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro Thousands)

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
Opening Balance	**50**					**50**		**50**
Barolo MidCo Capital Increase	5,400	637,300				**642,700**		**642,700**
Acquisition of TeamSystem Group						**0**	800	**800**
Acquisition of AliasLab Group						**0**	157	**157**
Change in Non controlling interests IFRS 3			(3)			**(3)**	(23)	**(26)**
Dividends						**(0)**	(164)	**(164)**
Profit (Loss) on comprehensive income		(580)			(75,771)	**(76,351)**	290	**(76,060)**
31 Dec 2016	**5,450**	**636,720**	**(3)**	**0**	**(75,771)**	**566,396**	**1,060**	**567,456**

TeamSystem Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

►ACQUISITION OF THE PREVIOUS TEAMSYSTEM GROUP BY PRIVATE EQUITY FUNDS ADVISED BY HELLMAN & FRIEDMAN

On 1 March 2016, private equity funds advised by Hellman & Friedman ("H&F") acquired a controlling interest in TeamSystem Group (inclusive of HG Capital, the majority shareholder) from the previous shareholders (the "Acquisition"). On completion of the transaction, the private equity funds affiliated with Hellman & Friedman held an interest in TeamSystem Group of 87.89%, whereas the remaining interest of 12.11% was held by HG Capital (8.54%), which remained as a holder of a non-controlling interest, and by senior and middle Management of TeamSystem Group (3.57%) – with the conditions applicable to the latter being the same as for the other shareholders.

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A., TeamSystem Group's holding company, was acquired by Barolo Bidco S.p.A., a special purpose vehicle and an indirect subsidiary of equity funds advised by Hellman & Friedman. As a consequence of this transaction, the € 45 million revolving credit facility (made available to TeamSystem S.p.A. in 2013) was cancelled and Barolo Bidco S.p.A. took out a line of credit of € 65 million, which was made available to TeamSystem Group to finance its cash needs. Barolo Midco S.p.A. (the direct parent company of Barolo Bidco S.p.A.) then issued € 150 million of floating rate notes, to partly fund the consideration of € 771.1 million for the acquisition of the share capital of TeamSystem Holding S.p.A. The remainder of the purchase price was financed via equity funding provided by Hellman & Friedman, HG Capital and TeamSystem Group Management. Subsequently, on 20 May 2016, Barolo Bidco S.p.A. issued € 450 million of floating rate notes (subsequently increased to € 490 million on 22 December 2016) and, on the same date, TeamSystem Holding S.p.A. redeemed the outstanding corporate bond, which had been issued in prior years, of € 430 million.

Subsequent to the Acquisition, on 6 October 2016, a reverse merger took place involving TeamSystem S.p.A. (surviving company), TeamSystem Holding S.p.A. and Barolo Bidco S.p.A. (the latter two being absorbed companies, which were extinguished as of the merger's effective date for legal purposes). The effective date for accounting purposes was backdated to 1 March 2016, the date on which Barolo Bidco S.p.A. effectively acquired ownership of TeamSystem Group. After the transactions described above, Barolo Midco S.p.A., the new parent and holding company of TeamSystem Group, was renamed TeamSystem Holding S.p.A.
The decision to proceed with a reverse merger was due to the need for the largest operating company within TeamSystem Group to retain all its own complex legal relationships and licences, thus simplifying and avoiding the administrative burden of transferring licences and approvals, as well as substituting the company in all of its commercial relationships.

Barolo Midco S.p.A., which was subsequently renamed TeamSystem Holding S.p.A. as described above, was formed on 1 December 2015 and has not thus prepared financial statements for the 2015 financial year (neither separate nor consolidated, given that it did not hold any equity investments at 31 December 2015); as a consequence of the foregoing, no comparatives have been presented for the year ended 31 December 2015. The Consolidated Statements of Profit or Loss include the results of the previous TeamSystem Group for 10 months, from the acquisition date (1 March 2016) to the closing date of 31 December 2016.

►COMPANY BACKGROUND

TeamSystem Holding S.p.A. (formerly Barolo Midco S.p.A.) is a company registered with the Pesaro Business Register, it is domiciled in Italy and its registered office is in Pesaro. TeamSystem Holding S.p.A. (the "Parent Company") is the parent company of TeamSystem Group (the "Group"), leader in Italy in the production and marketing of management software and in the provision of training targeted at Associations, small and medium-sized enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

The company is a 100% directly held subsidiary of Barolo Lux 1 S.à.r.l., it is a 87.89% indirectly held subsidiary of the private equity firm Hellman & Friedman and is for 8.54% held by the private investment firm HG Capital, with the remainder held by TeamSystem's senior and middle managers (3.57%).

The consolidated financial statements were approved by the Board of Directors on 18 April 2017.

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►ACCOUNTING STANDARDS ADOPTED

TeamSystem Holding S.p.A. has adopted International Financial Reporting Standards as endorsed by the European Commission (hereinafter "IFRS") for the preparation of its consolidated financial statements pursuant to the provisions of articles 3 and 4 of Legislative Decree 38 of 28 February 2005, which governs the exercise of options in Italy as provided for by article 5 of Community regulations 1606/2002 concerning IFRS.

IFRS is intended to mean all "International Financial Reporting Standards", all International Accounting Standards ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft consolidated financial statements by the Parent Company's Board of Directors and covered by EU Regulations published at that date.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and vendor loan liabilities that, if and when present, have been measured at fair value at the end of each reporting period.

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►GOING CONCERN BASIS

TeamSystem Group's consolidated financial statements have been prepared on a going concern basis and the Directors are not aware of any material uncertainties or doubts concerning the Group's ability to continue its activities in the foreseeable future.

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►CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include:

1. **A consolidated statement of profit or loss** for the year ended 31 December 2016. As indicated before the Consolidated Statement of Profit or Loss is related to the period from 1 March to 31 December, for 10 months. In particular, it should be noted that the consolidated statement of profit or loss format presents an analysis of costs aggregated by nature, since this classification is considered to be more relevant for the purposes of an understanding of TeamSystem Group's results. Moreover, since no discontinued or similar operations occurred in 2016, profit (loss) for the year is derived solely from continuing operations; consequently, the Group has not presented profit (loss) for the year from continuing operations since, as indicated, this coincides with profit (loss) for the year.

2. **A consolidated statement of comprehensive income** for the year ended 31 December 2016. In fact, IAS 1 requires that the statement of changes in equity has to evidence only changes generated by transactions with shareholders along with comprehensive income as defined below. The statement of comprehensive income begins with the profit or loss for the year followed by a section on other components of comprehensive income recognised directly in equity and then comprehensive income for the year, being the total profit (loss) for the year and other components of comprehensive income. The other comprehensive income section presents revenue and expense line items grouped between those items that will not be reclassified to profit and loss in subsequent periods and those that, on the fulfilment of certain predetermined conditions envisaged by the pertinent IAS/IFRS, will be reclassified to profit and loss.

3. **A consolidated statement of financial position** at 31 December 2016. In particular, the statement of financial position sheet has been prepared using a format, in accordance with IAS 1, classified on the basis of the operating cycle, with a distinction between current and non-current components. On the basis of this distinction, assets and liabilities are considered to be current, if it is expected that they will be realised or settled during the normal operating cycle.

4. **A consolidated statement of cash flows** for the year ended 31 December 2016. The statement of cash flows is presented using the indirect method, as permitted by IAS 7, under which profit or loss for the year is adjusted for the effects of non-cash transactions, such as those arising from deferrals or allocations to provisions linked to previous or future costs and payments. The Group has decided to apply the indirect method starting with the operating result, on account of factors relating to the quality of the information provided.

5. **A consolidated statement of changes in equity** for the year ended 31 December 2016.

6. **Notes** to the consolidated financial statements.

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►SCOPE OF CONSOLIDATION

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company, of the main subsidiary TeamSystem S.p.A. and of other companies in which TeamSystem Holding S.p.A. has a controlling interest in accordance with IFRS 10.

A listing of entities consolidated on a line-by-line basis is provided in the following table, whereby the consolidation percentage takes account of any put and call options entered into in connection with acquisitions (the "% held" column indicates the percentage held by the Group in the company in question at the reporting date without taking account of the put and call option agreements).
It should be noted that all the following figures derives from the statutory Financial Statement for period of 12 months, except for the TeamSystem S.p.A. that reports a period of 10 months, from 1 March 2016, the data on which Hellman & Friedmann effectively acquired ownership of TeamSystem:

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Profit (Loss)	Currency	Operating Segments	% held	% consolidation	Notes
TeamSystem Holding S.p.A.	Pesaro	5,450,000	642,798,191	48,191	EUR	SWSS			
TeamSystem S.p.A.	Pesaro	24,000,000	573,451,553	(69,102,441)	EUR	SWSS	100.00	100.00	
Lexteam S.r.l.	Pesaro	20,000	2,469,748	838,493	EUR	SWSS	100.00	100.00	
Metodo S.p.A.	Bassano (VI)	100,000	6,026,764	1,266,023	EUR	SWSS	90.00	100.00	1
Inforyou S.r.l.	Castello di Godego (TV)	31,250	3,138,534	650,525	EUR	SWSS	85.00	100.00	1
TeamSystem Service S.r.l.	Campobasso	200,000	1,377,135	567,677	EUR	SWSS	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	23,216	(2,405)	EUR	SWSS	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	3,896,097	2,521,611	EUR	SWSS	51.00	100.00	1
Digita S.r.l.	Asolo (TV)	10,000	1,087,507	579,256	EUR	SWSS	100.00	100.00	
H-Umus S.r.l.	Roncade (TV)	50,000	970,192	306,938	EUR	SWSS	100.00	100.00	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	204,105	78,783	EUR	SWSS	51.00	100.00	1 / 2
ACG S.r.l.	Pesaro	100,000	1,837,016	1,737,016	EUR	SWSS	100.00	100.00	
TSS S.p.A.	Milan	7,232,000	78,260,435	3,118,605	EUR	SWSS	100.00	100.00	
Esa Napoli S.r.l.	Naples	10,000	34,735	24,735	EUR	SWSS	100.00	100.00	8
Lira S.r.l.	Turin	18,000	686,298	225,039	EUR	SWSS	100.00	100.00	
Euresys S.r.l.	Turin	99,000	407,843	181,733	EUR	SWSS	60.00	100.00	1
Mondora S.r.l.	Milan	105,000	1,206,960	747,764	EUR	SWSS	51.00	100.00	1
Cidiemme Informatica S.r.l.	Verona	10,000	778,208	212,764	EUR	SWSS	100.00	100.00	
Voispeed Limited	Saint Albans - UK	1,000	112,573	47,034	GBP	SWSS	85.00	85.00	3
TeamSystem C&D S.r.l.	Naples	10,000	114,269	(560,844)	EUR	SWSS	100.00	100.00	
Aliaslab S.p.A.	Milan	156,000	6,453,245	6,264,243	EUR	SWSS	51.00	100.00	1
Elaide S.r.l.	Padua	12,000	321,422	127,542	EUR	SWSS	51.00	51.00	4
Reviso International ApS	Copenhagen	50,011	(1,178,001)	(6,326,763)	DKK	SWSS	100.00	100.00	
Reviso Cloud Accounting Limited	Reading	1	6,136	6,135	GBP	SWSS	100.00	100.00	5
Reviso Soluciones Cloud S.L.	Madrid	3,000	3,855	1,409	EUR	SWSS	100.00	100.00	5
Reviso Deutschland GmbH	Berlin	25,000	28,106	3,106	EUR	SWSS	100.00	100.00	5
Gruppo Euroconference S.p.A.	Verona	300,000	9,174,844	1,676,018	EUR	Education	96.87	96.87	6
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	5,880,058	2,162,043	EUR	CAD/CAM	100.00	100.00	
Nuovamacut Nord Ovest S.r.l.	Reggio Emilia	89,957	2,640,600	1,487,817	EUR	CAD/CAM	86.34	86.34	7
Nuovamacut Centro Sud S.r.l.	Rome	10,000	398,825	238,277	EUR	CAD/CAM	70.00	70.00	7

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	(**) Share capital	(**) Equity	(**) Profit (Loss)	Currency	Operating Segments	% held	% consolidation	Notes
Mondoesa Emilia S.r.l.	Parma	20,800	105,461	(44,578)	EUR	n.a.	40.00	40.00	8
Mondoesa Lazio S.r.l.	Frosinone	20,800	293,828	19,181	EUR	n.a.	35.00	35.00	8
Mondoesa Milano Nordovert S.r.l.	Milan	50,000	42,246	(7,754)	EUR	n.a.	49.00	49.00	8
Cesaco S.r.l.	Vicenza	90,000	175,692	9,112	EUR	n.a.	48.00	48.00	8
Aldebra S.p.A.	Trento	1,398,800	1,441,778	(183,435)	EUR	n.a.	17.65	17.65	8

(1) = equity interest would be 100% should PUT/CALL option be exercised;
(2) = investment held by Danea Soft S.r.l.;
(3) = investment held by TeamSystem Communication S.r.l.;
(4) = investment held by Aliaslab S.p.A.;
(5) = investment held by Reviso International ApS;
(6) = takes account of treasury shares held by Gruppo Euroconference;
(7) = investment held by Nuovamacut Automazione S.p.A.;
(8) = investment held by TSS S.p.A.
(**) = the amounts relate to the financial statements for the year ended 31 December 2015.

Acquisitions completed in 2016

In addition to the Acquisition that took place on March 2016 and previously commented, which gave rise to a change in the ultimate parent company of TeamSystem Group (from HG Capital to the private equity firm Hellmann & Friedman), the following further acquisitions have taken place, as a result of which the scope of consolidation has changed with respect to that at 1 March 2016 (and with respect to that previously pertaining to TeamSystem Group):

- On 11 March 2016, TeamSystem Group completed the acquisition of a 60% interest in Euresys, a company that has operated in the HR management software market for more than twenty years. The consideration paid was € 1.2 million. The remaining 40% will be acquired subsequently through a put and call option mechanism. The software solutions offered by Euresys permit the complete management of human resources within any Italian business thanks to its advanced capabilities in the following areas: attendance records, management of CVs and career paths, expense claims and access control. The company brings with it consolidated experience in the HR sector with more than 2,300 active customers in Italy. Its flagship products enable a more attentive and efficient management of human capital and are capable of interfacing in real time with TeamSystem's management software.
- On 11 March 2016, TeamSystem Group completed the acquisition of a 100% interest in Lira, TeamSystem Group's historical Turin-based dealer, which focuses mainly on the accountants sector. The consideration paid was € 2 million. Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub.
- In April and May 2016, TeamSystem Group completed the acquisition of a 100% interest in ECI Denmark ApS (which changed its name to Reviso International ApS in June 2016), a Danish software house that has developed Cloud-SaaS-native accounting and invoicing software designed mainly for small and medium-sized enterprises. The acquisition of ECI Denmark APS represents a fundamental pillar of the Group's cloud strategy that will reinforce the product range offered.

- On 15 June 2016, TeamSystem completed the acquisition of a 51% interest in Mondora S.r.l., a company which develops and markets advanced cloud/Saas solutions using programming techniques. The remaining 49% will be acquired subsequently through a put and call option mechanism. Mondora will contribute to TeamSystem Group by bringing new capabilities for the development of advanced cloud/Saas solutions and strategic expertise needed to achieve ambitious cloud growth targets. It will also be a key player for the implementation of HUB B2B and other SaaS/cloud solutions that will be sold through TeamSystem S.p.A.'s commercial channels.
- On 15 June 2016, TeamSystem S.p.A. completed the acquisition of a 100% interest in Cidiemme Informatica S.r.l., a company that has developed strong capabilities and which holds a "AV2000" licence. The company will add to TeamSystem S.p.A. a consolidated customer base of wine producers and a high quality skill set focused on sales, delivery and development of IT solutions for the wine sector with the aim of sales growth and enhancement of "Alyante Vitivinicolo", TeamSystem S.p.A. software designed for wine production.
- On 3 October 2016, TeamSystem Group, through its subsidiary Danea Soft, completed the acquisition of a 100% interest in the IT division of Alké (Easyfatt Dev S.r.l.), which is specialised in the development of management software for microenterprises. The transaction gave rise to the insourcing of a strategic supplier to the Group.
- In September 2016, Inforyou S.r.l. completed the acquisition of a 100% interest in Informatica Veneta S.r.l., which is mainly focused on the sale of cloud software for gyms and wellness centres. Thanks to its SaaS/Cloud technology related skills and know-how, Informatica Veneta S.r.l. has contributed a portfolio of 250 active customers to TeamSystem Group.
- On 12 December 2016, TeamSystem S.p.A. acquired a 100% interest in TeamSystem C&D S.r.l. (a TeamSystem S.p.A. dealer) for a consideration of € 2.2 million.
  At the end of 2014, an agreement had been entered into with the dealer TeamSystem C&D S.r.l., whereby the owners of the latter granted TeamSystem S.p.A. a call option, by means of which, at predetermined due dates, the latter would have been able to acquire a 100% interest in TeamSystem C&D.
- On 22 December 2016, TeamSystem acquired a 51% controlling interest in AliasLab, a company specialised in electronic signature and authentication services, with distinctive market positioning in Italy and with total revenue for 2016 of approximately € 13.5 million. The remaining 49% will be acquired subsequently through a put and call option mechanism. The transaction has made it possible for TeamSystem to leverage a series of solutions and state-of-the-art skills at European level and to immediately become a significant player in a market, such as that for digital signatures, which is destined to quadruple its value in Europe by 2020.

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► REFERENCE DATE

The consolidated financial statements have been prepared based on the financial statements of the subsidiaries included in the scope of consolidation and as already approved by the respective Boards of Directors.

All the financial statements of the TeamSystem Group companies have a 31 December financial year end.

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►BASIS OF CONSOLIDATION

The financial statements used for the consolidation are the financial statements of the individual entities, as approved by the respective administrative bodies. These financial statements are reclassified and adjusted in order to comply with IFRS and the accounting policies adopted by the Parent Company.

In the preparation of the consolidated financial statements, assets and liabilities, income and costs and components of other comprehensive income of consolidated entities are consolidated line-by-line. Receivables and payables, income and charges and gains and losses originating from transactions between and among consolidated entities are eliminated. The carrying amount of consolidated equity investments is eliminated against the corresponding portion of equity attributable to the Group (or to non-controlling interest holders). Associated companies are carried under the equity method.

Business combinations

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is calculated by the sum of acquisition-date fair values of the assets acquired, liabilities incurred or assumed and financial instruments issued by the Group for the change in control of the business acquired.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date fair values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

In the event that it is only possible to make a preliminary determination of the fair value of the assets and liabilities at the acquisition date, the business combination shall be recognised using these preliminary amounts. Any adjustments arising from the final determination of the foregoing shall be recognised within twelve months from the acquisition and the related comparatives shall be restated.

Non-controlling interests at the acquisition date may be measured at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis.

TeamSystem Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by minority owners of the acquiree. For those cases where part of the acquisition takes place through the execution of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill. This accounting method applies only where the Group has acquired majority control of the voting rights of the companies acquired and where no doubt exists as to the distribution of relevant amounts of dividends in the period up to the date the option is exercised. In view of the recognition of goodwill related to these options, TeamSystem Group accounts for, as financial liabilities, the payable (so-called vendor loan) related to the estimated actual consideration for the exercise of the options. In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting. In the absence of clear accounting rules for the recognition of non-controlling interests where put and call agreements exist, as well as on account of ongoing issues being debated by IFRIC and IASB, the Group has decided to use the accounting method described above that complies with the regulatory framework and current doctrine.

Any acquisitions of non-controlling interests subsequent to control having been achieved are accounted for as transactions between shareholders/quotaholders, with recognition of the pertinent goodwill as a reduction of the Group's equity, in compliance with IFRS 3.

Acquisitions of companies or business units under common control are excluded from the scope of IFRS 3. A business combination involving entities or businesses under common control is a combination in which all the entities or businesses are controlled by the same party or when the controlling party before and after a business combination is the same and control is not of a temporary nature. The existence of non-controlling interests in each of the entities being combined, before or after the business combination, is not relevant for the determination of whether the business combination involves entities under common control. Transactions of this type (excluding transactions between companies included in the same scope of consolidation, since, in such a case, the principle of continuity of values applies) and which do not have a significant impact on future cash flow from the net assets acquired, are accounted for in accordance with the principle of continuity of values, otherwise they fall within the scope of IFRS 3.

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►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Assets and liabilities of consolidated foreign entities that are denominated in foreign currencies other than the Euro are translated at the rates of exchange prevailing at the reporting date; income and costs are translated at the average rates of exchange for the period. Any resulting translation differences are recognised in the foreign currency translation reserve included in equity.

The foreign companies included in the scope of consolidation at 31 December 2016 that use a currency other than the Euro are Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), and Reviso International ApS, which use the Danish Krone (DKK).

The exchange rates applied for the translation are set out in the following table:

EXCHANGE RATES	Average 2016	31 Dec 2016
GBP	0.81948	1.25000
DKK	7.44519	7.43440

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►ACCOUNTING POLICIES

Set out below are the accounting policies adopted by the Group for the measurement of the components of the financial statements for the year ended 31 December 2016.

Research and development expenses

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Group can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for TeamSystem Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (as from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

Customer relationship

Customer relationship (which arose on accounting for the acquisition of TeamSystem Group that took place on 1 March 2016 by H&F) represents the total sum of contractual (supply contracts and service contracts etc.) and non contractual customer relationships and has been valued based on discounted income flows (Income Approach). Amortisation is recognised over the estimated useful life of the asset, which is estimated to be twenty years (TeamSystem) or ten years (TSS and ACG).

Proprietary software

Proprietary software (relating to TeamSystem, Nuovamacut, ACG and TSS), which arose on recognition of the acquisition of TeamSystem Group that took place on 1 March 2016, is stated at its reproduction cost and is amortised over the length of its expected useful life of five years.

Proprietary software developed internally and destined for internal use is capitalised at cost of production and is amortised over the length of its residual expected useful life of 5 years.

Third party software licenced for internal use

Third party software licenced for internal use is stated at purchase cost and is amortised over the length of its residual estimated useful life of five years.

Brands

The TeamSystem, Euroconference, ESA (TSS) and Nuovamacut brands, which arose on recognition of the acquisition of TeamSystem Group that took place on 1 March 2016, have been measured in accordance with the royalties method and are amortised over the length of their residual estimated useful life of twenty years (TeamSystem and Euroconference) or ten years (ESA).

Goodwill

Goodwill is initially recognised at cost, represented by the excess cost of the business combination over the fair value of the assets and liabilities acquired.
In accordance with applicable IFRSs, goodwill is not amortised, but is allocated to its respective Cash Generating Unit (hereinafter "CGU") and subjected annually (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to impairment testing in accordance with IAS 36 "Impairment of Assets".

Subsequent costs

Costs incurred subsequently on intangible assets are capitalised if they increase the future economic benefit of the specific capitalised asset.

Amortisation

Amortisation is charged systematically on a straight line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely goodwill) that are not amortised and are systematically assessed to verify the absence of impairment. Other intangible assets are amortised as from the time they become usable. The estimated useful life of each main category is shown in the following table:

Goodwill	Indefinite useful life
Brands	10 - 20 years
Customer relationship	10 - 20 years
Proprietary software	5 years
Development costs	3 - 5 years

Tangible fixed assets

Tangible fixed assets, consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and writedowns. Costs incurred subsequent to acquisition (repairs and maintenance costs and replacement costs) are recorded as part of the carrying value of an asset, or recognised as a separate asset, only when it is believed that it is probable that associated future economic benefits will be generated and that the cost of the asset can be measured in a reliable manner. Repairs and maintenance costs (or costs of replacements that do not have the above characteristics) are expensed in the year in which they are incurred. Tangible fixed assets are systematically depreciated each year at rates determined on the basis of the residual useful life of the asset.

Regardless of the depreciation already accounted for, in the event of impairment, an asset is written down accordingly. Gains and losses arising on disposal are determined by comparing the sales consideration to the net book value. The amount determined is recognised in profit or loss in the pertinent year.

Financial charges incurred for capital expenditure on an asset that necessarily takes a substantial period of time to get it ready for its intended use ("qualifying asset" in accordance with IAS 23 – Borrowing Costs) are capitalised and depreciated over the useful life of the asset class to which they relate. All other financial charges are expensed in the year they are incurred.

Leased assets

In accordance with IAS 17, lease contracts are classified as finance leases where the terms of the contract are such as to transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are considered to be operating leases. Leased assets are recognised at amounts equal to the present value of the minimum lease payments. The corresponding liability towards the lessor is included in the consolidated statement of financial position as a liability for lease obligations. Payments of lease instalments are split between their capital and interest elements in order to produce a constant periodic interest rate on the remaining balance of the liability. Financial charges are expensed in the year.

Investments in other companies

Investments in other entities classified as non-current assets are stated at cost, inclusive of directly attributable charges, net of any impairment adjustments, given that it was not possible to reliably determine their fair value and on account of the small amount involved.

Investments in associates

An associate is an entity over which the Group has significant influence, but not control or joint control, by means of which it participates in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale.

Under the equity method, investments in associates are recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the changes subsequent to acquisition in the net worth of the associate, net of any impairment of individual equity interests. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses, unless the Group has incurred an obligation to cover them.

Inventories

Inventories, which mainly include hardware and software licences purchased for resale, are stated at the lower of specific purchase cost, inclusive of ancillary charges, and estimated realisable value, which can be derived from market prices. Inventories of obsolete or slow moving items are written down by taking account of their potential use or realisation.

Trade receivables

Receivables are recorded at cost (identified by their nominal value), net of a provision recognised to take account of their expected realisable value, which approximates fair value.

Cash and bank balances

Cash and bank balances include cash on hand and bank and post office account balances.

Assets and liabilities classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered mainly from the sale thereof rather than from their continuous use. Assets are measured at the lower of carrying value and fair value net of costs to sell. Assets and liabilities held for sale are presented separately from other assets and liabilities on the face of the statement of financial position. The impact on profit or loss of assets sold is presented separately in the statement of profit or loss net of the tax effect.

No discontinued or similar operations occurred in 2016 and, accordingly, these financial statements do not present any assets and liabilities classified as held for sale.

Foreign currency transactions

The functional and presentation currency of the Group companies is the Euro. As required by IAS 21, amounts originally denominated in foreign currency are translated at exchange rates ruling at the year end. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recognised in the consolidated statement of profit of profit or loss.

Writedowns (Impairment)

The carrying amount of assets with an indefinite useful life, for example goodwill and intangible assets in process of formation, are not subject to depreciation or amortisation, but are assessed annually to determine whether an asset may be impaired.

The carrying amounts of other assets, of financial instruments covered by IAS 39 and of deferred tax assets (IAS 12), are tested for impairment annually (or more frequently if events occur or changes in circumstances indicate that an asset may be impaired) to determine whether there is an indication that an asset may be impaired. The estimated recoverable amount is represented by the higher of value in use or fair value less costs to sell. For the purposes of assessment, assets are grouped into the smallest identifiable unit for which Management is capable of separating the related cash inflows (CGU).

If the recoverable amount of the asset or cash generating unit (CGU) is lower than the net carrying amount, the asset is adjusted to take account of the impairment loss, which is recognised in the consolidated statement of profit as "Depreciation, amortisation and impairment". An impairment loss relating to a CGU is firstly allocated to goodwill and any residual amount is allocated to other assets.

The Group's CGUs, as identified by Management at 31 December 2016 are the following:

- **Software and Services (SWSS) CGU**, consisting of all TeamSystem Group companies operating in the software sector;
- **CAD/CAM CGU** (relating to Nuovamacut Group companies); and
- **Education CGU** (consisting of Gruppo Euroconference S.p.A.).

The goodwill allocated to all the identified CGUs is subject to impairment tests (at least annually) by comparing its carrying amount to its recoverable amount, given by the higher of fair value and value in use.

Interest bearing financial liabilities
Interest bearing financial liabilities are initially recorded at fair value, net of ancillary charges. Subsequent to their initial recognition, interest bearing financial liabilities are measured at amortised cost.

Hedging instruments
Financial derivatives are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. These financial derivatives are initially recognised at fair value at the date on which they are entered into; subsequently, the fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative. Any gain or loss resulting from a change in fair value is recognised in profit or loss.
At the start of a hedging transaction, the Group designates and formally documents the hedging relationship to which it intends applying hedge accounting, its risk management objectives and the strategies pursued. The documentation includes the identification of the hedging instrument, of the element or transaction subject to hedging, of the nature of the risk and the means by which the business intends assessing the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged element or in the cash flows attributable to the hedged risk. It is expected that these hedges are highly effective in offsetting the hedged exposure or changes in the hedged cash flows attributable to the hedged risk. The assessment of whether these hedges have been proven to be highly effective is performed on a continuous basis during the financial year in which they have been designated. The transactions that satisfy the criteria for cash flow hedge accounting are accounted for on the basis of the following policy.
The portion of the gain or loss on the hedging instrument relating to the effective hedge is taken directly to equity, whereas the non effective portion is immediately recognised in the consolidated statement of profit or loss. The gain or loss included in equity is reclassified to the consolidated statement of profit or loss in the year in which the hedged transaction impacts the consolidated statement of profit or loss, that is, when the financial charge or income is recognised. If it is believed that the envisaged transaction will no longer take place, the amounts initially recorded in equity are transferred to the consolidated statement of profit or loss. If the hedging instrument expires or is sold or annulled or if its designation as hedging is revoked, the amounts previously included in equity remain as such until such time as the expected transaction takes place.

Employee benefit plans
1. Defined contribution plans
A defined contribution plan is a pension plan for which the Group pays fixed contributions to a separate entity. The Group does not have any obligation, legal or otherwise, to make additional contributions if the fund has insufficient assets to meet the payment of all employee benefits relating to the period of service. The obligations related to contributions for employees' pensions and other benefits are expensed as incurred.

2. Defined benefit plans
Net obligations related to defined benefit plans consist mainly of employee termination indemnities and are calculated by estimating, with actuarial techniques, the amount of the future benefit accrued to employees in the

current and prior financial years. The benefit thus determined is discounted and recognised net of the fair value of any related assets. The computation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in the statement of comprehensive income in the year in which they arise.

Following the introduction of new legislation on supplementary pensions, as per Legislative Decree 252/2005, introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for employee termination indemnities at 31 December 2008, account was taken of the effects deriving from the legislation, recognising, for IAS/IFRS purposes, only the liability relating to accrued severance indemnities remaining as a balance sheet liability, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund INPS).

Provisions for risks and charges

Where the Group has an obligation, legal or otherwise, resulting from a prior event and it is probable that this will lead to the loss of economic benefits to meet the obligation, an appropriate provisions for risks and charges is recorded. No provision is made for future operating losses. Provisions are measured at the present value of Management's best estimate of the cost of satisfying the obligation existing at the reporting date. With respect to legal cases, the amount of the provision is determined on the basis of estimates made by the relevant consolidated company, together with its legal advisors, in order to determine the probability, the timing and the amounts involved.

Trade and other payables

Trade and other payables are stated at cost, representing their settlement value.

Revenue

Revenue recognition methods vary on account of the diverse nature of sales (software licences, products such as hardware components and system support services) and the different revenue streams generated by our three operating segments. Specifically:

Software and services operating segment (SWSS)

Direct channel

Software licences: revenue from sales of software licenses is recognised on the delivery date on account of the fact that all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses. In the event that a sale agreement provides for more than one revenue component, such as maintenance and assistance, the revenue arising from these components is separately identifiable in the agreement.

Maintenance and customer support: maintenance and support agreements, which include software updates, helplines and direct support, generally cover a twelve-month period and related revenue is recognised on a straight line basis over the contract term, with recognition of the revenue component pertaining to future years as deferred income.

Hardware and other products: revenue from hardware components and other products purchased from third parties is recognised on the delivery date on account of the fact that all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses.

Other services: revenue related to training, implementation and software customisation, either covered by the main agreement or by subsequent agreements, is recognised on the service delivery date. Revenue related to ERP (Enterprise Resource Planning) implementation services still ongoing at the reporting date is recognised based on the percentage of completion of the services at that date.

Indirect channel

VAR (value added reseller) agreements:

These agreements generally cover a three-year period and include a fixed fee that grants VARs the right to download an unlimited number of software licenses and to receive software updates and system support services. Revenue arising from these agreements is invoiced on a quarterly or annual basis and is recognised on a straight line basis over the agreement term.

Software licences: revenue from sales of software not covered by VAR agreements (see previous paragraph) is recognised on the delivery date on account of the fact that all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses.
As regards sales of additional feature licenses as TALs (temporary annual licenses), whereby downloads are made directly from the VAR's website, revenue is recognised on the download date for new licenses and on a straight line basis for renewals which automatically take place at the beginning of each year.

Other products and services: additional services and products offered to dealers, including training, marketing and manuals; revenue is normally recognised when the service has been rendered in compliance with IAS 18 or when the product has been delivered.

Education operating segment
Publishing: revenue from the sale of books and electronic manuals is recognised on the delivery date.

Training: revenue includes that generated by large conferences, masters and specialist training courses. Revenue is recognised based on services rendered in any given period; revenue from training that is ongoing at the reporting date is recognised based on the percentage of completion of the training services in compliance with IAS 18.

Integrated information systems: this revenue includes newsletter subscriptions and technical update documents, which generally cover a twelve-month period. Related revenue is recognised over the subscription agreement term, with the recognition of the portion of revenue pertaining to future years as deferred revenue.

CAD/CAM operating segment
Software licences: revenue from sales of software licenses is recognised on the delivery date on account of the fact that all contractual obligations have normally been fulfilled and there are no rights of return or acceptance clauses. In the event that a sale agreement provides for more than one revenue component, such as maintenance and assistance, the revenue arising from these components is separately identifiable in the agreement.

Maintenance and support agreements: maintenance and support agreements, which include software updates, helplines and direct support, generally cover a period that may range from one to three years and related revenue is recognised on a straight line basis over the contract term, with recognition of the revenue component pertaining to future years as deferred income.

Grants
Government grants are recognised when there is reasonable certainty that they will be received and that all related conditions will be met. Government grants towards cost components are recognised as income, but are systematically allocated to the financial year, in order to match the costs they are intended to offset. For grants towards the cost of an asset, the asset and the grant are recognised at their nominal value and the release to income takes place gradually, on a straight line basis, over the expected useful life of the asset.
Where a non cash grant is received, the asset and the contribution are recognised at their nominal value and are released to income on a straight line basis over the expected useful life of the asset.

Dividends
The distribution of dividends to shareholders / quotaholders of the Group companies is recognised as a liability in the period in which they are approved by the general meeting of shareholders / quotaholders.

Rent and operating lease charges
Rent and operating lease charges are recognised in profit or loss on an accruals basis.

Finance income and costs
Financial income and costs are recognised in profit or loss on an accruals basis.

Current and deferred taxation
The tax charge for the year comprises current and deferred taxation. Current tax is recognised in the consolidated statement of profit or loss, except for cases where the tax relates to items accounted for as an equity component. Current tax is calculated by applying the tax rate in force at the reporting date to taxable income. Concerning IRES, it should be noted that the Parent Company and its subsidiaries have elected for a consolidated tax regime, with the Parent Company as tax consolidator.

Deferred tax is calculated, using the so-called liability method, on temporary differences between the book and tax bases of assets and liabilities. Deferred tax is calculated as a function of the expected timing of the reversal of the temporary differences, using the tax rate in force at the date of the expected reversal. A deferred tax asset is recognised only where it is probable that sufficient taxable income will be generated in subsequent years for the recovery thereof.

Non-recurring items

TeamSystem Group has disclosed profit and loss components deemed to be non-recurring, since they pertain to events or transactions, the occurrence of which is non-recurring, that is, resulting from transactions or facts that are not repeated frequently in the normal conduct of business activities and that are of an abnormal nature. The more significant components include:

- Non-recurring cost of services (such as tax and legal advice, acquisition advisory costs etc.) and non-recurring personnel costs (linked to restructuring of the Group's workforce). Specifically, in 2016, a significant component of non-recurring cost of services related to costs incurred for the Acquisition of TeamSystem Group by private equity funds advised by H&F, as described previously;
- Non-recurring finance costs, also attributable to a large extent to the Acquisition, which gave rise to a change in the financial structure, with a consequent writedown of finance costs linked to the existing Notes and which had not yet been amortised at the date the debt was replaced, as well as to costs and penalties incurred for the early redemption of the Notes;
- Non-recurring taxation arising from unusual changes in income and deferred tax. Specifically, in 2016, the non-recurring tax component related to the derecognition of the deferred tax liability relating to costs incurred for the issue of Senior Secured Notes redeemed during the year. The deferred tax had been treated as tax deductible on a cash basis (as permitted by applicable legislation) whereas, for statutory accounting purposes, it was being amortised over the term to maturity of the Bond to which it related.

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►EARNINGS PER SHARE

The Parent Company does not have any shares listed on regulated markets; accordingly, as permitted by IAS 33, no information on earnings per share has been disclosed in these notes.

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►SEGMENT INFORMATION

In accordance with IFRS 8, an operating segment is a component of an entity:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
c) for which discrete financial information is available.

Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software and Services (SWSS)**, that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- **Education**, that is, the segment consisting of companies operating in the professional training sector, consisting of Gruppo Euroconference S.p.A.;
- **CAD/CAM**, that is, the operating segment relating to Nuovamacut Group companies.

The companies acquired in 2016 have been classified within the Software and Services (SWSS) operating segment, taking account of the characteristics of the products and services offered and the nature of the activities that they carry out.

Note that, following the entry of the new majority shareholder, H&F, TeamSystem Group's operating segments and the management reporting related thereto are being subjected to an in-depth review. At the date of preparation of these financial statements, the statements of profit and loss and the statements of financial position were still being drawn up and the associated reports were still to be finalised; since the redesign of the Group's reporting structure is still ongoing, use was made of the Group's historical CGUs for the purpose of IFRS 8 disclosure requirements and for impairment tests at 31 December 2016.

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►USE OF ESTIMATES

The preparation of consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss and consolidated statement of cash flows, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Group, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of assets acquired and liabilities assumed: the process of allocation of the cost of a transaction to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from Management's professional judgement. Professional judgement is also used to determine the most appropriate methodologies for the measurement of assets acquired and liabilities assumed (including contingent assets and liabilities) and in certain cases provisional initial recognition has been opted for, as permitted by the applicable accounting standard.
- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life (none of the latter existed as at the reporting date) are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Directors estimate the cash flows expected from an asset or from the cash generating unit and choose a discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Boards of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.
- Development expenses: the initial capitalisation of costs is subject to confirmation of the judgement of Directors as to the technical and economic feasibility of the project, usually when the project has achieved a precise phase of the development plan. To determine the amount to be capitalised, the Group applies various assumptions regarding expected future cash flows from the asset, the discount rate to apply and the periods in which the expected benefits will occur.
- Employee benefits: The cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty;
- Vendor loan: this represents the estimated liability with respect to put and call options or earn-out agreements relating to non-controlling holdings in the Group. It is accounted for at its estimated fair value, having applied various assumptions regarding the estimated indicators that form the basis for its computation and the expected timing of disbursements. The nominal value of the exercise price of the vendor loan is then discounted at the reporting date by applying the relevant discount rate which is the same as that adopted for the cost of debt component in impairment tests.
- Deferred tax assets: Deferred tax assets are recognised for all temporary differences and tax loss carryforwards, to the extent that it is probable that there will be sufficient taxable profits against which the losses may be used. A significant discretional assessment is required of directors to determine the amount that can be accounted for as a deferred tax asset. They have to estimate the probable timing and the amount of future taxable profits, as well as a planning strategy for future taxation. Further details are provided in the paragraphs which follow.

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►ROUNDING

The figures included in the consolidated financial statements and in the notes to the consolidated financial statements are expressed in thousands of Euros (except where otherwise indicated) since this is the currency used in the conduct of TeamSystem Group's operations.

Certain amounts reported in these consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the presentation of figures in thousands of Euros. Accordingly, in certain cases, the sum of the numbers in a column or a row in tables may not correspond exactly to the total figure given for that column or row.

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►ALTERNATIVE NON-IFRS PERFORMANCE INDICATORS

In addition to the financial performance measures established by IFRSs, TeamSystem Holding Group presents in these explanatory notes certain measures that are derived therefrom, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

EBITDA =	calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non-current assets and (iv) non-recurring personnel costs and other non-recurring costs.
ADJUSTED EBITDA =	calculated as EBITDA (as defined above) without taking account of the allowance for bad debts.
NET WORKING CAPITAL =	calculated as the aggregate of (i) trade receivables, (ii) inventories and (iii) other current and non-current assets, net of the aggregate of (iv) trade payables and (v) other current and non-current liabilities.
CAPEX =	**Tangible and Intangible Assets =** this is calculated as additions (to tangible and intangible assets) net of disposals and other movements; **Capitalised development costs =** this equals the cost of services and personnel costs capitalised as development costs.
NET CASH/DEBT =	calculated as the aggregate of (i) other financial assets (current and non-current) (ii) cash and bank balances and (iii) financing fees (current and non-current), net of the aggregate of (iv) financial liabilities with banks and other institutions (current and non-current) and (v) other financial liabilities (current and non-current).
NET INVESTED CAPITAL =	calculated as the aggregate of (i) tangible assets (ii) intangible assets (iii) goodwill (iv) investments (v) deferred tax assets (vi) net working capital (as defined above) and (vii) tax assets, net of the aggregate of (viii) staff leaving indemnity (ix) provision for risks and charges (x) deferred tax liabilities and (xi) tax liabilities.

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ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE AS FROM 1 JANUARY 2016

The following accounting standards, amendments and IFRS interpretations are applicable to the Group for the first time as from 1 January 2016:

- ***Amendments to IAS 19 Defined benefit plans: Employee Contributions*** (published on 21 November 2013): deals with the recognition in financial statements of contributions from employees or third parties to defined benefit plans. The adoption of the amendments has had no effect on these financial statements.

- ***Amendments to IAS 16 and to IAS 38 Clarification of acceptable methods of depreciation and amortisation*** (published on 12 May 2014): according to which a depreciation or amortisation method that is based on revenue is generally deemed to be inappropriate, given that revenue generated by an initiative that includes the use of a depreciable or amortisable asset generally reflects factors that differ from the consumption of the economic benefit of the asset, being a requirement that needs to be met for depreciation or amortisation. The adoption of the amendments has had no effect on these financial statements.

- ***Amendments to IAS 1 – Disclosure Initiative*** (published on 18 December 2014): the objective of the amendments is to clarify certain disclosure issues that could be perceived as impediments to the preparation of clear and intelligible financial statements. The adoption of the amendments has had no effect on these financial statements.

Lastly, as part of the annual process of improvements to accounting standards, on 12 December 2013 the IASB issued ***Annual Improvements to IFRSs: 2010-2012 Cycle*** (inclusive of IFRS 2 Share-based Payment – Definition of vesting conditions, IFRS 3 Business Combinations – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on 25 September 2014 ***Annual Improvements to IFRSs: 2012-2014 Cycle*** (inclusive of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) and which amend existing IFRSs. The adoption of the amendments has had no effect on these financial statements.

►ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2016

The Group has not applied the following new accounting standards and other amendments, which have been published, but the application of which is not yet mandatory:

- ***IFRS 15 – Revenue from Contracts with Customers*** (published on 28 May 2014 and supplemented by further clarifications published on 12 April 2016) which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenue - Barter Transactions Involving Advertising Services. The standard provides a new revenue recognition model to be applied to all contracts with customers except for those that fall within the scope of application of other IAS/IFRS, such as leasing, insurance contracts and financial instruments. The fundamental steps for revenue recognition according to the model are as follows:
    - identification of the contract with the customer;
    - identification of the performance obligations in the contract;
    - determination of the transaction price;
    - allocation of the transaction price to the performance obligations in the contracts;
    - revenue recognition criteria when the entity satisfies a performance obligation.

  The standard is applicable as from 1 January 2018, although early application is permitted. The amendments to IFRS 15 and Clarifications to IFRS 15 – Revenue from Contracts with Customers, which were published by the IASB on 12 April 2016, have not yet been endorsed by the European Union. The Directors believe that the application of IFRS 15 may have an impact on revenue recognition and on related disclosures in the Company's financial statements. However, it is not possible to provide a reasonable estimate of the effects thereof until the Company has completed a detailed analysis of contracts with customers, which is ongoing, although an initial assessment phase has been completed.

- ***Finalised version of IFRS 9 – Financial Instruments*** (published on 24 July 2014). The document contains the results of the IAS 39 replacement project:
    - it introduces new criteria for the classification and measurement of financial assets and liabilities;
    - with reference to the impairment model, the new standard requires credit losses to be estimated based on an expected loss model (and not on an incurred loss model used by IAS 39) using supportable information, which is available without undue cost or effort that includes historical, current and prospective figures;

- o it introduces a new hedge accounting model (an increase in the types of transactions eligible for hedge accounting, a change in accounting for forwards and options included in a hedging relationship and replacement of the effectiveness test).

The new standard is effective for annual periods beginning on or after 1 January 2018.
The Directors believe that the application of IFRS 9 may have an impact on the amounts recognised and on the disclosures provided in the financial statements. However, it is not possible to provide a reasonable estimate of the effects thereof until the Company has completed a detailed analysis.

►ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

As of the reporting date, the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below.

- ***IFRS 16 – Leases*** (published on 13 January 2016) which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
  The new standard provides a new definition of a lease and introduces a criterion based on control (right of use) over an asset in order to differentiate lease contracts from service contracts, identifying the following features: identification of the asset, the right to replacement thereof, the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the underlying asset.
  The standard sets out a single model for the recognition and measurement of lease contracts for a lessee that requires the recognition of assets held under leases, inclusive of operating leases, as balance sheet assets with an opposite entry to financial liabilities and it also makes it possible not to recognise as leases contracts for low-value assets and leases with a contractual duration equal to or less than 12 months. On the other hand, the standard does not include any significant amendments for lessors.
  The standard is applicable as from 1 January 2019, although early application is permitted, but only for companies that were early adopters of IFRS 15 - Revenue from Contracts with Customers. The directors believe that the application of IFRS 16 will have an impact on the recognition of lease arrangements and on related disclosures in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects thereof until the Group has completed a detailed analysis.

- ***Amendments to IAS 12 "Recognition of Deferred tax assets for Unrealised Losses"*** (published on 19 January 2016). The objective of the amendments is to provide clarifications about the recognition of deferred tax assets resulting from unrealised losses upon the occurrence of certain circumstances and about the estimation of future taxable income. The amendments are applicable as from 1 January 2017, although early application is permitted. The directors do not envisage that the adoption of the amendments will have a significant effect on the financial statements.

- ***Amendments to IAS 7 – Disclosure Initiative*** (published on 29 January 2016). The objective of the amendments is to provide clarifications to improve disclosures concerning financial liabilities. Specifically, the amendments require disclosures to be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are applicable as from 1 January 2017, although early application is permitted. There is no requirement to provide comparative information. The directors do not expect the foregoing to have a significant effect on the financial statements.

- ***Amendments to IFRS 2 Classification and measurement of share-based payment transactions*** (published on 20 June 2016), which provide clarifications concerning accounting for the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement features and accounting for changes to terms and conditions of share-based payment transactions that change their classification from cash-settled to equity-settled. The amendments are applicable as from 1 January 2018, although early application is permitted. The directors do not expect the foregoing to have a significant effect on the financial statements.

- ***Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*** (published on 12 September 2016). For entities whose business predominantly consists of insurance business, the objective of the amendments is to provide clarifications about concerns arising from the application of the new standard IFRS 9 to financial assets, before the replacement by the IASB of the current standard IFRS 4 with a new standard that is currently being drafted that addresses the measurement of financial liabilities. The directors do not envisage that the adoption of the amendments will have a significant effect on the financial statements.

- ***Annual Improvements to IFRSs: 2014-2016 Cycle,*** published on 8 December 2016 (inclusive of IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice and IFRS 12 Disclosure of interests in other entities – Clarification of the scope of the Standard) and which amend existing IFRSs. The directors do not expect the foregoing to have a significant effect on the financial statements.

- ***IFRIC 22 Foreign currency transactions and Advance Consideration*** (published on 8 December 2016). The objective of the interpretation is to provide guidelines for foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation provides guidance on how entities should determine the date of a transaction, and, consequently, the spot exchange rate to be used when foreign currency transactions take place for which there are payments or receipts in advance. IFRIC 22 is applicable as from 1 January 2018, although early application is permitted. The directors do not expect the foregoing to have a significant effect on the financial statements.

- ***Amendments to IAS 40 Transfers of Investment Property*** (published on 8 December 2016). These amendments provide clarifications concerning transfers to, or from, investment properties. More specifically, an entity should transfer a property to, or from, investment properties only when there is evidence of a change in use of the property. The change must be attributable to a specific event that has occurred and not to a change in management's intentions for the use of a property. The amendments are applicable as from 1 January 2018, although early application is permitted. The directors do not expect the foregoing to have a significant effect on the financial statements.

- ***Amendments to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture"*** (published on 11 September 2014). The amendments were proposed due to the conflict between the requirements of IAS 28 and IFRS 10 concerning the measurement of gains and losses resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an equity interest in the latter. For the time being, the IASB has postponed the application of these amendments.

□ □ □

Notes to the Consolidated Financial Statements

(all amounts are expressed in thousands of Euro except where otherwise indicated)

1. TOTAL REVENUE

	31 Dec 2016
Hardware	7,081
Software	41,757
Hardware subscriptions	1,570
Software subscriptions	133,318
Other products	1,333
Other services	33,943
Education	8,221
Discount Paid	(21)
Revenue	**227,202**
Recovery of expenses	1,666
Operating grants	390
Other income	138
Other operating income	**2,193**
Total Revenue	**229,395**

Total revenue for the year ended 31 December 2016 came to € 229,395 thousand. The main components of total revenue are the following:

- Hardware (€ 7,081 thousand), relating to sales of hardware products;
- Software (€ 41,757 thousand), relating to sales of Software licences;
- Software subscriptions (€ 133,318 thousand), relating to the provision of maintenance and support, which include software updates, helplines and direct support;
- Other services (€ 33,943 thousand), relating to training, implementation and software customisation;
- Education (€ 8,221 thousand), relating to revenue recognised by companies operating in the professional training sector, namely Gruppo Euroconference S.p.A.

Other operating income (€ 2,193 thousand) includes recovery of expenses of € 1,666 thousand and revenue grants of € 390 thousand.

Details of total revenue by operating segment are provided in Note 2 below.

2. OPERATING SEGMENTS

In accordance with IFRS 8, an operating segment is a component of an entity:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
c) for which separate financial information is available.

Within TeamSystem Group, the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- **Software and Services (SWSS)**, that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- **Education**, that is, the segment consisting of companies operating in the professional training sector, namely Gruppo Euroconference S.p.A.;
- **CAD/CAM**, that is, the operating segment relating to Nuovamacut Group companies.

All costs have been properly allocated to the corresponding operating segments (there are no "unallocated costs") based on the nature of such costs and their relationship to corresponding revenue.

OPERATING SEGMENTS - IFRS REPORTED 31 Dec 2016	Software and Services	Education	CAD/CAM	Intercompany Elimination	Consolidated Financial Statement
TOTAL REVENUE	**194,410**	**9,114**	**27,139**	**(1,268)**	**229,395**
Total Revenue - external segments	193,956	8,382	27,057		
Total Revenue - internal segments	454	732	82		
Cost of raw and other materials	(9,642)	(175)	(12,886)	101	(22,602)
Cost of services	(39,558)	(4,723)	(3,193)	932	(46,542)
Personnel	(70,194)	(1,554)	(6,110)	100	(77,757)
Other operating costs	(4,523)	(211)	(314)	88	(4,961)
ADJUSTED EBITDA	**70,492**	**2,451**	**4,637**	**(47)**	**77,533**
Allowance for bad debts	(3,473)	(20)	(102)	0	(3,595)
EBITDA	**67,019**	**2,431**	**4,535**	**(47)**	**73,938**
Depreciation of non current tangible assets	(1,541)	(67)	(45)	0	(1,653)
Amortization of non current intangible assets	(50,754)	(369)	(1,471)	0	(52,594)
Other provisions for risks and charges	(337)	(120)	0	0	(457)
Non recurring personnel and expenses	(19,750)	(49)	125	47	(19,628)
OPERATING RESULT	**(5,363)**	**1,826**	**3,144**	**0**	**(393)**
Finance income	5,351	149	142	(284)	5,357
Dividends	774	0	0	(774)	(0)
Finance cost	(82,336)	(43)	(123)	284	(82,217)
PROFIT (LOSS) BEFORE TAX	**(81,574)**	**1,932**	**3,163**	**(774)**	**(77,253)**
Current income tax	(11,474)	(676)	(1,503)	0	(13,652)
Deferred income tax	14,996	90	344	0	15,430
PROFIT (LOSS) FOR THE PERIOD	**(78,051)**	**1,346**	**2,004**	**(774)**	**(75,475)**

SEGMENT INFORMATION 31 Dec 2016	Software and Services	Education	CAD/CAM	Reconciliation Intercompany	Consolidated Financial Statement
Net invested capital	**1,252,758**	**18,787**	**19,978**	**0**	**1,291,523**
Net financial indebtedness	**(747,660)**	**12,566**	**11,027**	**0**	**(724,067)**

TOTAL REVENUE Total revenue for the year ended 31 December 2016 came to € 229,395 thousand.

SOFTWARE AND SERVICES – TOTAL REVENUE Total revenue achieved by the Software and Services operating segment for the year ended 31 December 2016 came to € 194,410 €/thousand, with the main contributors thereto having been TeamSystem S.p.A. (€ 113,223 thousand) and TSS S.p.A. (€ 53,849 €/thousand).

EDUCATION – TOTAL REVENUE Total revenue achieved by the Education operating segment for the year ended 31 December 2016 came to € 9,114 thousand, relating to revenue recognised by Gruppo Euroconference S.p.A.

CAD/CAM – TOTAL REVENUE Total revenue achieved by the CAD/CAM operating segment for the year ended 31 December 2016 came to € 27,139 thousand.

ADJUSTED EBITDA Adjusted EBITDA for the year ended 31 December 2015 came to € 77,533 thousand, with the main contributors thereto having been TeamSystem S.p.A. (€ 40,667 thousand), TSS S.p.A. (€ 13,399 thousand) and Danea Soft S.r.l. (€ 3,787 thousand).

Note that, following the entry of the new majority shareholder, H&F, TeamSystem Group's operating segments and the management reporting related thereto are being subjected to an in-depth review.

At the date of preparation of these financial statements, the statements of profit and loss and the statements of financial position were still being drawn up and the associated reports were still to be finalised; since the redesign of the Group's reporting structure is still ongoing, use was made of the Group's historical CGUs for the purpose of IFRS 8 disclosure requirements and for impairment tests at 31 December 2016.

3. COST OF RAW AND OTHER MATERIALS

	31 Dec 2016
Hardware purchases	5,071
Third parties' software	15,103
Handbooks and forms	33
Materials for education	133
Fuel	1,514
Other materials	703
Change in inventory of raw materials	45
Total	**22,602**

The cost of raw and other materials came to € 22,602 thousand for the year ended 31 December 2016. This mainly relates to the cost of sales of hardware, third party software and manuals.

4. COST OF SERVICES

	31 Dec 2016
Agent commissions and other costs	9,282
Consulting and third parties services	8,828
Software and Hardware maintenance costs	4,447
Web recall costs	9
Administrative tax and legal	2,026
Education - consulting and copyrights	2,443
Magazines - consulting and copyrights	1,215
Other costs for education services	1,542
Advertising and marketing	3,796
Car rentals	4,105
Utilities	2,695
Other services	8,569
Cost of services - Gross of capitalization	**48,956**
Services capitalised development costs	(2,414)
Total	**46,542**

Cost of services came to € 46,542 thousand for the year ended 31 December 2016, net of amounts capitalised in the year pertaining to software projects. The main components are the following:

- Agent commissions and other costs (€ 9,282 thousand), relating to compensation payable to agents, an allocation to the provision for agents' indemnity and other costs attributable to commercial consulting services;
- Consulting and third party services (€ 8,828 thousand), relating to the outsourcing to third parties of on-site customer maintenance and support;
- Hardware and Software subscription charges (€ 4,447 thousand), relating to periodic fees for support services and subscriptions for third party products;
- Other service costs (€ 8,569 thousand), mainly consisting of:
    - Costs for shipping and transport of € 467 thousand;
    - Costs for reimbursement of expenses of € 3,662 thousand, relating to travel costs and daily allowances for technicians and commercial staff who are involved in installation, support and training at customers' premises;
    - Maintenance costs of € 459 thousand;
    - Insurance costs of € 514 thousand.

As regards the capitalisation of cost of services recognised in 2016 (€ 2,414 thousand) reference should be made to Note 13 on Intangible Assets.

5. PERSONNEL COSTS

	31 Dec 2016
Wages, salaries and social contributions	79,792
Staff leaving indemnities	3,369
Other personnel costs	28
Employees costs	**83,189**
Freelancers and collaborators fees	102
Directors' fees and related costs	2,546
Directors and Collaborators	**2,648**
Non recurring personnel costs	1,261
Non recurring personnel costs	**1,261**
Personnel - Gross of capitalization	**87,099**
Personnel capitalised development costs	**(8,080)**
Total	**79,019**

Personnel costs came to € 79,019 thousand for the year ended 31 December 2016.

In 2016, non-recurring personnel costs related mainly to personnel downsizing costs attributable to restructuring carried out by TeamSystem S.p.A. and TSS S.p.A.

As regards the capitalisation of personnel costs recognised in 2016 (€ 8,080 thousand) reference should be made to Note 13 on Intangible Assets.

The following table provides details of employee numbers at 31 December 2016.

	Average 2016	31 Dec 2016
Managers	49	53
Middle managers / white collars / workers	1,793	1,916
Total	**1,842**	**1,969**

The number of Group employees at 31 December 2016 obviously comprises employees of the companies acquired in 2016; more specifically, employee numbers relating to Euresys S.r.l. (25), Lira S.r.l. (15), Reviso International Group (18), Mondora S.r.l. (35), Cidiemme Informatica S.r.l. (6), TeamSystem C&D S.r.l. (36), Aliaslab S.p.A. (24) and Elaide S.r.l. (7).

6. OTHER OPERATING COSTS

	31 Dec 2016
Rents	3,067
Rentals	219
Other expenses for use of third parties assets	573
Other taxes	361
Losses from assets disposals	27
Other expenses	714
Total	**4,961**

Other operating costs came to € 4,961 thousand for the year ended 31 December 2016. The main components are the following:

- Rent (€ 3,067 thousand) mostly incurred for the main premises;
- Other lease and rental expense (€ 573 thousand) mainly relates to royalties payable for the use of third party proprietary software components incorporated in software products distributed by ACG S.r.l.

7. NON-RECURRING EXPENSES

Non-recurring expenses for the year ended 31 December 2016 came to € 18,366 thousand and relate to tax and legal advisory services and other costs, the nature of which is deemed by Management to be non-recurring with respect to normal business operations. Specifically, these costs include:

- costs attributable to the acquisition of TeamSystem Group by H&F (of approximately € 10 million);
- advisory costs incurred for the acquisition of equity interests;
- non-recurring costs incurred for the start /completion of extraordinary projects relating to the review, strengthening and rationalisation of the Group's organisation and /or its distribution channel model. These projects were developed by leading international consulting firms with the objective of improving the commercial performance of the Group, the quality of the Group's product range and the efficiency of its business processes with the primary objective of rendering the Group's procedures more efficient, in terms of cost savings and in terms of new revenue streams;
- marketing costs of a non-recurring nature.

8. FINANCE INCOME

	31 Dec 2016
Interest and other finance income	25
Gains on foreign exchange	40
Interest from cash pooling and other loans	35
Interest from banks	6
Vendor Loan depreciation	11
Total	**117**

Finance income came to € 117 thousand for the year ended 31 December 2016 and mainly consisted of exchange gains and interest income.

9. FINANCE COST

	31 Dec 2016
Interest on bank overdrafts and loans	963
Interest on Notes	54,128
Interest on Notes Premium	(5,206)
Interest on financing fees	17,723
Vendor Loan revaluation	6,320
Bank commissions	879
Interest on actuarial valuation of employee benefits	243
Other IFRS financial charges	1,644
Other financial charges	49
Losses on foreign exchange	19
Write-downs of investment	100
Total	**76,863**

Finance costs came to € 76,863 thousand for the year ended 31 December 2016. The main components are the following:

- Interest costs on Notes (€ 54,128 thousand), of which € 11,214 related to Senior Notes of € 150 million issued by TeamSystem Holding, € 15,858 thousand related to penalties incurred for the early redemption of Existing Notes and € 20,002 thousand related to Senior Secured Notes of € 490 million issued by TeamSystem S.p.A.;
- Interest cost on financing fees (€ 17,723 thousand), related specifically to the early redemption of Existing Notes (€ 11,325 thousand) and the original RCF (€ 1,975 thousand);
- Cost associated with the remeasurement of the vendor loan (€ 6,320 thousand) arising from a change in the fair value thereof due to the remeasurement of the initial exercise price of the options.
- IFRS finance costs (€ 1,644 thousand), which include finance costs recognised by the Group after having discounted the vendor loan.

Non-recurring costs of € 23,953 thousand are attributable to the early redemption of Existing Notes and the RCF as indicated above.

10. TOTAL INCOME TAX

Current income and deferred tax
Current tax for the 2016 financial year amounted to € 13,652 thousand and consists of the following:
- IRES of € 11,087 thousand;
- IRAP of € 2,523 thousand;
- Taxation relating to prior years of € 42 thousand.

As regards the amount of deferred tax recognised in the consolidated statement of profit or loss, reference should be made to Note 17.

Non-recurring deferred tax
Non-recurring deferred tax of € 2,795 thousand, represents the non-recurring amount attributable to the derecognition of the deferred tax liability recognised by TeamSystem Holding S.p.A. (which was merged into TeamSystem S.p.A.) relating to expenses incurred on the issue of Senior Secured Notes that were redeemed during the year. The deferred tax had been treated as tax deductible on a cash basis (as permitted by applicable legislation) whereas, for statutory accounting purposes, it was being amortised over the term to maturity of the Bond to which it related.

11. CONSOLIDATED STATEMENT OF CASH FLOWS
As regards the more significant components of the statement of cash flows, a description is provided below of the main factors impacting the Group's cash flow in the course of 2016:

Vendor loan paid = the amount of the Vendor loan paid in 2016 was € 6.6 million in relation to the acquisition of further interests in Gruppo Euroconference S.p.A., TeamSystem Emilia S.r.l., Inforyou S.r.l. and Digita S.r.l. and the payment of the earn-out relating to the investment in Lexteam S.r.l. (see also Note 18). The amount of € 6.6 million includes € 1.0 million relating to dividends paid to non-controlling interest holders.

Finance costs/income paid/cashed-in and change in Financial Assets / Liabilities = as regards the amount of 172 €/million reported for the year ended 31 December 2016:

- € 65.4 million relates to finance costs paid by the Group in the course of 2016. Specifically, this amount includes:
    1) € 15.9 million relating to penalties incurred for the early redemption of Existing Notes;
    2) € 15.8 million relating to interest on Existing Notes paid up to the date of redemption (20 May 2016);
    3) € 32 million relating to interest of € 11.2 million paid on Senior Notes of € 150 million and to interest of € 20.8 million paid on Senior Secured Notes of € 490 million);
    4) € 1.0 million relating mainly to the payment of bank charges.

- € 237 million relating to proceeds from new loans / proceeds from financial assets net of disbursements in connection with financial liabilities as detailed below:
    1) € 28 million relating to new RCF drawdowns in 2016;
    2) € 430 million relating to the early redemption of Existing Notes;
    3) € 640 million relating to the issue of Senior Notes and Senior Secured Notes of € 150 million and € 490 million, respectively;

Acquisition of Investments = as regards the amount of € 774 million:
- € 37.6 million consists of an amount of € 31.8 €/million relating to cash and bank balances held by TeamSystem Group at 1 March 2016 (the Acquisition date), whereas the residual amount of € 5.8 million relates to cash and bank balances held by subsidiaries that entered the scope of consolidation in 2016 at the dates of the acquisitions thereof (in particular, € 3.4 million relates to Aliaslab S.p.A. and € 0.9 million relates to Cidiemme Informatica);
- The amount of € 811.7 million mainly relates to:
    1) cash-out paid by Barolo Bidco S.p.A. for the acquisition of TeamSystem Group at 1 March 2016 (€ 771.1 million);
    2) cash-out paid for the acquisition of a controlling interest in Aliaslab S.p.A. (€ 24 million);
    3) cash-out paid for the acquisition of Reviso Group (€ 7.0 million);
    4) cash-out paid for the acquisition of Easyfatt Dev S.r.l. (€ 2.4 million);
    5) cash-out paid for the acquisition of other companies (€ 7.0 million).

12. TANGIBLE ASSETS

Tangible assets at 31 December 2016 amounted to € 13,385 thousand and related mainly to leasehold and freehold land and buildings. The change is due to the net effect of depreciation at 31 December 2016 (1.653 € / thousand) and additions (amounting to 3.188 € / thousand). Additions, in particular, are concentrated in the category Buildings and are due to the new headquarters of the Group in Pesaro.

COST	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Additions	Other movements and disposals	31 Dec 2016
Land		1.073				1.073
Buildings		8.840		45		8.885
Plant and machinery		4.223	110	112	822	5.267
Equipment		1.558	17	150	343	2.068
Other assets		17.421	1.327	1.764	(318)	20.193
Tangible assets under construction		214		1.190	(1.404)	
Total		**33.329**	**1.454**	**3.261**	**(556)**	**37.487**

ACCUMULATED DEPRECIATION	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Depreciation	Other movements and disposals	31 Dec 2016
Land						
Buildings		3.022		309		3.331
Plant and machinery		3.233	100	221	(31)	3.524
Equipment		1.358	14	90	10	1.473
Other assets		14.190	946	1.033	(394)	15.775
Tangible assets under construction						
Total		**21.803**	**1.061**	**1.653**	**(414)**	**24.103**

NET BOOK VALUE	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Additions	(Depreciation)	Other movements and disposals	31 Dec 2016
Land		1.073					1.073
Buildings		5.818		45	(309)		5.554
Plant and machinery		990	9	112	(221)	853	1.743
Equipment		200	3	150	(90)	333	596
Other assets		3.231	381	1.764	(1.033)	76	4.418
Tangible assets under construction		214		1.190		(1.404)	
Total		**11.526**	**393**	**3.261**	**(1.653)**	**(142)**	**13.385**

Intangible assets have gone from € 11,526 thousand at 1 March 2016 to € 13,385 thousand at 31 December 2016, representing an increase of € 1,859 thousand, being the sum of sales, purchases (€ 3,261 thousand for the year ended 31 December 2016) and amortisation recognised in profit or loss in the period (€ 1,653 thousand). Purchases relate in particular to the start of the Group's headquarters in Pesaro.

13. INTANGIBLE ASSETS

NET BOOK VALUE	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements and disposals	Capitalization	Additions	(Amortization)	(Write-downs)	31 Dec 2016
Development costs - completed		16,021	487	1,663	8,284	6	(6,582)		19,880
Development costs - in progress		2,259		(1,545)	2,128				2,842
Capitalized development costs		**18,280**	**487**	**118**	**10,413**	**6**	**(6,582)**		**22,721**
Brand IFRS		134,325					(5,689)		128,636
Software IFRS		66,625					(11,138)		55,487
Customer relationship IFRS		522,151					(23,533)		498,617
Other IFRS assets		18,142					(840)		17,302
Asset IFRS		**741,242**					**(41,200)**		**700,042**
Software, trademarks, patents		8,493	324	244	19	2,949	(3,194)		8,836
Other intangible assets		4,348	368	(118)		672	(1,619)		3,652
Intangible assets under construction		256		(463)	62	490			345
Other intangible assets		**13,097**	**693**	**(337)**	**81**	**4,112**	**(4,812)**		**12,832**
Total		**772,619**	**1,180**	**(219)**	**10,494**	**4,118**	**(52,594)**		**735,596**

Intangible assets have gone from € 772,619 thousand at 1 March 2016 to € 735,596 thousand at 31 December 2016, representing a decrease of € 37,023 thousand, being the sum of sales, purchases, the capitalisation of development expenses (€ 10,494 thousand for the year ended 31 December 2016) and amortisation recognised in profit or loss in the period (€ 52,594 thousand).

Development costs in progress relate to costs capitalised for new products and new software modules, which, at 31 December 2016, had not yet been completed or for which the marketing and sales phase had not yet started.

As regards capitalised development costs recognised in 2016 of € 10,494 thousand, the main components relate to:

a) capitalised development costs of € 6,404 thousand relating to new products and/or new software modules developed by the subsidiary TeamSystem S.p.A. during the course of 2016;
b) capitalised development costs of € 2,128 thousand relating to new products and/or new software modules developed by the subsidiary TSS S.p.A. during the course of 2016.

In 2016, the Group continued to develop a complex long-term technological renewal project (that is, "Software products renewal project"). The software products renewal project is a highly strategic project for the Group given that its objective is the technological upgrading of the Group's entire software portfolio and application platforms by means of the renewal and innovation of existing software products and the alignment of the product range to more recent and innovative technologies.

14. GOODWILL

	Opening Balance	TeamSystem Group Acquisition	Other movements	Additions	(Impairment)	31 Dec 2016
Goodwill SWSS CGU		582,921		94,048		676,968
Goodwill Education CGU		24,734				24,734
Goodwill CAD / CAM CGU		23,637				23,637
Total		**631,292**		**94,048**		**725,340**

The goodwill of € 631,292 thousand relates to the amount recognised upon the acquisition of TeamSystem Group by H&F (through the special purpose entity Barolo Bidco S.p.A.) in March 2016. The purchase price allocation (PPA) was still provisional at the reporting date, since the 12 month measurement period for the recognition thereof had not yet ended. The goodwill recognised consists mainly of the excess of the consideration paid by the new shareholders over the fair value of the assets acquired and the liabilities assumed and has been allocated to the Group's CGUs:

- Software and Services (SWSS);
- Gruppo Euroconference;
- CAD/CAM.

The additions recorded in the year of € 94,048 thousand relate to the companies acquired by the Group subsequent to 1 March 2016, being:

- Euresys S.r.l. (€ 2,560 thousand);
- Lira S.r.l. (€ 2,736 thousand);
- Reviso International ApS (€ 10,856 thousand)
- Cidiemme Informatica S.r.l. (€ 1,431 thousand);
- Mondora S.r.l. (€ 4,975 thousand);
- Easyfatt Dev S.r.l. (€ 4,000 thousand);
- Informatica Veneta S.r.l. (€ 1,335 thousand);
- TeamSystem C&D S.r.l. (€ 2,094 thousand);
- Aliaslab S.p.A. (€ 64,061 thousand).

The purchase price allocations recognised for the acquisition of these companies was still provisional at 31 December 2016 and, consequently, the related goodwill was also provisional. Further details are provided in the paragraph on "Provisional allocation of goodwill".

Impairment Test

The goodwill pertaining to each of the aforementioned CGUs is subject to an impairment test at least annually.

For the purpose of the impairment test, steps were taken to determine the recoverable amount (enterprise value) of each CGU of TeamSystem Group as a whole, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flows for 2017-2021 based on amounts included in the 2017-2021 Group Business Plan approved by TeamSystem Holding S.p.A's Board of Directors on 18 April 2017.

A terminal value was determined beyond the explicit forecast horizon based on operating cash flows (net operating profit less adjusted taxes - NOPLAT) appropriately normalised to reflect normal business operations. As regards the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the development foreseen by the business plan and with historical growth, there was a reasonable expectation of growth of 1.90% (so-called g rate).

In addition to the g rate assumption, the main assumptions adopted regarded an estimate of the weighted average cost of capital ("WACC") of 6.85% for the SWSS and CAD/CAM CGUs and 5.83% for the Gruppo Euroconference CGU.

The results of the impairment tests at CGU level did not provide any indication of impairment of the various CGUs.

The Group also performed sensitivity analysis, by applying different assumptions for the determination of WACC and g-rate parameters. The results of this analysis for each of the three CGUs are set out below:

CGU SWSS						
Cover Impairment Sensitivity				WACC		
Euro million		5.85%	6.35%	6.85%	7.35%	7.85%
	0.90%	738.5	552.8	398.4	268.0	156.5
	1.40%	931.8	707.9	525.3	373.5	245.4
G RATE	1.90%	1,173.9	898.0	678.0	498.5	349.3
	2.40%	1,486.4	1,136.2	865.0	648.7	472.2
	2.90%	1,904.9	1,443.6	1,099.3	832.6	619.9

CGU EDUCATION - Gruppo Euroconference						
Cover Impairment Sensitivity				WACC		
Euro million		4.83%	5.33%	5.83%	6.45%	6.95%
	0.90%	21.3	18.9	16.9	15.0	13.8
	1.40%	24.1	21.0	18.6	16.3	14.8
G RATE	1.90%	27.9	23.7	20.6	17.8	16.0
	2.40%	33.3	27.4	23.3	19.7	17.5
	2.90%	41.7	32.7	26.9	22.1	19.4

CGU CAD/CAM						
Cover Impairment Sensitivity				WACC		
Euro million		5.85%	6.35%	6.85%	7.44%	7.94%
	0.90%	20.6	17.9	15.8	13.6	12.1
	1.40%	23.4	20.1	17.6	15.1	13.3
G RATE	1.90%	26.9	22.9	19.7	16.7	14.7
	2.40%	31.5	26.3	22.4	18.8	16.4
	2.90%	37.7	30.8	25.8	21.3	18.4

The impairment test models and related results were approved by the Board of Directors of TeamSystem Holding S.p.A. on 18 April 2017, in accordance with the guidelines contained in the joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

As previously indicated in the paragraph on operating segments, the Group is currently involved in a revision of the reporting model, which will impact the determination of the CGUs. Since the project has not yet been completed, impairment testing was performed based on the current organisational and management structure in line with prior years.

15. PROVISIONAL GOODWILL

TEAMSYSTEM GROUP

Following the acquisition of TeamSystem Group on 1 March 2016 by private equity funds advised by Hellman & Friedman, further details of which are provided in the paragraph on "Acquisition of TeamSystem Group by private equity funds advised by Hellman & Friedman" contained in these notes to the consolidated financial statements for the year ended 31 December 2016, an amount of goodwill has been recognised of € 631,292 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem Group, details of which are provided below, was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 631,292 thousand) may be subject to adjustments backdated to 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TEAMSYSTEM GROUP ASSETS	01 Mar 2016	PPA Provisional Adjustments	01 Mar 2016 After PPA Provisional Adjustments
Tangible assets	11,578	(52)	11,526
Intangible assets	276,625	495,994	772,619
Goodwill	364,363	(364,363)	0
Other Investments	175		175
Investments in associates	445		445
Deferred tax assets	13,709	145	13,854
TOTAL NON CURRENT ASSETS	**666,895**	**131,724**	**798,618**
Inventories	1,534	(450)	1,084
Trade receivables	160,642	(288)	160,354
Tax receivables	3,358	(536)	2,823
Other receivables - current	15,233	(607)	14,627
Financing Fees prepayments - current	1,838		1,838
Other financial assets - current	451		451
Cash and bank balances	31,752		31,752
TOTAL CURRENT ASSETS	**214,809**	**(1,880)**	**212,929**
TOTAL ASSETS	**881,704**	**129,843**	**1,011,548**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TEAMSYSTEM GROUP EQUITY AND LIABILITIES	01 Mar 2016	PPA Provisional Adjustments	01 Mar 2016 After PPA Provisional Adjustments
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	**150,151**	**(10,358)**	**139,793**
TOTAL NON CONTROLLING INTERESTS	**800**	**0**	**800**
Staff leaving indemnity	15,933		15,933
Provisions for risks and charges	2,882	866	3,748
Deferred tax liabilities	75,471	139,335	214,806
Other liabilities - non current	750		750
TOTAL NON CURRENT LIABILITIES	**95,036**	**140,201**	**235,237**
Financial liabilities with banks and other institutions - current	463,632		463,632
Financing Fees - current	(11,462)		(11,462)
Other financial liabilities - current	29,483		29,483
Trade payables	30,037		30,037
Tax liabilities - current	4,736		4,736
Other liabilities - current	119,292		119,292
TOTAL CURRENT LIABILITIES	**635,718**	**0**	**635,718**
TOTAL LIABILITIES	**730,753**	**140,201**	**870,955**
TOTAL EQUITY AND LIABILITIES	**881,704**	**129,843**	**1,011,548**

PROVISIONAL ALLOCATED GOODWILL TEAMSYSTEM GROUP	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Tax credits write-off	**(536)**		**(536)**	**1**
Fair value of Land and Buildings	**(52)**	**14**	**(37)**	**2**
Goodwill Write-off	**(364,363)**		**(364,363)**	**3**
Other receivables write-off	**(607)**	**0**	**(607)**	**4**
Trade receivables write-off	**(288)**	**0**	**(288)**	**5**
Inventories write-off	**(450)**	**126**	**(324)**	**6**
Intangible fair value - Software	**54,409**	**(15,498)**	**38,912**	**7**
Intangible fair value - Customer Relationship	**317,393**	**(89,016)**	**228,376**	**8**
Intangible fair value - Brand	**108,147**	**(30,334)**	**77,814**	**9**
Other Intangible asset	**16,044**	**(4,502)**	**11,542**	**10**
Provisions for risks and charges	**(866)**	**20**	**(846)**	**11**
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**128,832**	**(139,190)**	**(10,358)**	**A**
Equity before PPA adjustments			**150,151**	**B**
EQUITY IFRS after PROVISIONAL PPA			**139,793**	**C = A + B**
Cost of the investment			**781,096**	**D**
Transaction costs capitalized			**(10,011)**	**E**
Cost of the investment - net of transaction costs			**771,085**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**631,292**	**G = F - C**

Note 1) Note 4) and Note 5) Provisional writedown of other tax receivables pertaining to TSS S.p.A. (of € 536 thousand gross of the tax effect, deemed to be unrecoverable at the acquisition date); other current receivables (€ 607 thousand gross of the tax effect – of which € 524 thousand pertains to TeamSystem S.p.A.); trade receivables pertaining to TeamSystem S.p.A. and TSS S.p.A. (€ 200 thousand and € 88 thousand, respectively, gross of the tax effect);

Note 2) and Note 6) Provisional writedown of land and buildings of TeamSystem S.p.A. (of € 52 thousand gross of the tax effect); of inventories pertaining to TeamSystem S.p.A. and TeamSystem Communication S.r.l. (of € 250 thousand and € 200 thousand, respectively, both gross of the tax effect);

Note 3) Elimination of goodwill prior to the acquisition of TeamSystem Group by the private equity firm H&F;

Note 7) Provisional allocation to software of TeamSystem S.p.A., Nuovamacut S.p.A., ACG S.r.l. and TSS S.p.A. of € 41,622 thousand, € 964 thousand, € 3,860 thousand and € 7,963 thousand, respectively, all gross of the tax effect.

Note 8) Provisional allocation to customer relationships of TeamSystem S.p.A. and ACG S.r.l. of € 316,915 thousand and € 6,271 thousand, respectively, both gross of the tax effect. Provisional writedown of the customer relationships of TSS S.p.A. of € 5,793 thousand, gross of the tax effect.

Note 9) Provisional allocation to brands pertaining to TeamSystem, Nuovamacut and ESA (TSS S.p.A.) of € 98,823 thousand, € 8,349 thousand and € 1,505 thousand, respectively, gross of the related tax effect. Provisional writedown of brands pertaining to Euroconference and Metodo of € 24 thousand and € 503 thousand, respectively, both gross of the tax effect.

Note 10) Provisional allocation to the Solid Works licence (held by Nuovamacut S.p.A.) of € 16,044 thousand, gross of the tax effect.

Note 11) Provisional allocations to provisions for risks and charges for liabilities deemed to be probable pertaining to ACG S.r.l. and TSS S.p.A. (totalling € 866 thousand gross of the tax effect).

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EURESYS

On 11 March 2016, TeamSystem Group completed the acquisition of a 60% interest in Euresys, a company that has operated in the HR management software market for more than twenty years. The consideration paid was € 1.2 million. The Group has entered into a put and call agreement for the residual 40%. The software solutions offered by Euresys permit the complete management of human resources within any Italian business thanks to its advanced capabilities in the following areas: attendance records, management of CVs and career paths, expense claims and access control. The company brings with it consolidated experience in the HR sector with more than 2,300 active customers in Italy. Its flagship products enable a more attentive and efficient management of human capital and are capable of interfacing in real time with TeamSystem's management software.

Euresys S.r.l.'s results have been consolidated in 2016 as from April 2016, which was close to the date of acquisition.

The purchase price allocation recognised for the acquisition of Euresys S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 2,560 thousand) was also provisional at the reporting date.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EURESYS S.r.l. ASSETS	31 Mar 2016	PPA Provisional Adjustments	31 Mar 2016 After PPA Provisional Adjustments
Tangible assets	41		41
Intangible assets	220		220
Goodwill	192	(192)	(0)
Other Investments	60		60
Deferred tax assets	30	16	46
TOTAL NON CURRENT ASSETS	**543**	**(176)**	**367**
Inventories	172		172
Trade receivables	1,000	(24)	976
Tax receivables	49		49
Other receivables - current	67		67
Cash and bank balances	16		16
TOTAL CURRENT ASSETS	**1,304**	**(24)**	**1,280**
TOTAL ASSETS	**1,847**	**(200)**	**1,647**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EURESYS S.r.l. EQUITY AND LIABILITIES	31 Mar 2016	PPA Provisional Adjustments	31 Mar 2016 After PPA Provisional Adjustments
TOTAL EQUITY	**220**	**(243)**	**(23)**
Staff leaving indemnity	194	43	237
TOTAL NON CURRENT LIABILITIES	**194**	**43**	**237**
Financial liabilities with banks and other institutions - current	540		540
Trade payables	149		149
Tax liabilities - current	57		57
Other liabilities - current	686		686
TOTAL CURRENT LIABILITIES	**1,433**	**0**	**1,433**
TOTAL LIABILITIES	**1,627**	**43**	**1,670**
TOTAL EQUITY AND LIABILITIES	**1,847**	**(200)**	**1,647**

PROVISIONAL ALLOCATED GOODWILL EURESYS S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(43)	10	(33)	
Goodwill Write-off	(192)		(192)	
Bad debt Write-off	(24)	6	(18)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(259)**	**16**	**(243)**	**A**
Equity before PPA adjustments			**220**	**B**
EQUITY IFRS after PROVISIONAL PPA			**(23)**	**C = A + B**
Cost of the investment			**2,613**	**D**
Transaction costs capitalized			**(76)**	**E**
Cost of the investment - net of transaction costs			**2,537**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**2,560**	**G = F - C**

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LIRA

On 11 March 2016, TeamSystem Group completed the acquisition of a 100% interest in Lira, TeamSystem Group's historical Turin-based dealer, which focuses mainly on the accountants sector. The consideration paid was € 2 million. Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub.

Lira S.r.l.'s results have been consolidated in 2016 as from April 2016, which was close to the date of acquisition.

The purchase price allocation recognised for the acquisition of Lira S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 2,736 thousand) was also provisional at 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LIRA S.r.l. ASSETS	31 Mar 2016	PPA Provisional Adjustments	31 Mar 2016 After PPA Provisional Adjustments
Tangible assets	63		63
Intangible assets	31		31
Other Investments	1		1
Deferred tax assets	0	62	62
TOTAL NON CURRENT ASSETS	**95**	**62**	**157**
Inventories	1		1
Trade receivables	2,860	(169)	2,691
Tax receivables	1		1
Other receivables - current	730		730
Other financial assets - current	108		108
Cash and bank balances	290		290
TOTAL CURRENT ASSETS	**3,989**	**(169)**	**3,820**
TOTAL ASSETS	**4,084**	**(107)**	**3,977**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LIRA S.r.l. EQUITY AND LIABILITIES	31 Mar 2016	PPA Provisional Adjustments	31 Mar 2016 After PPA Provisional Adjustments
TOTAL EQUITY	**549**	**(195)**	**354**
Staff leaving indemnity	317	88	405
TOTAL NON CURRENT LIABILITIES	**317**	**88**	**405**
Financial liabilities with banks and other institutions - current	758		758
Trade payables	548		548
Tax liabilities - current	45		45
Other liabilities - current	1,867		1,867
TOTAL CURRENT LIABILITIES	**3,218**	**0**	**3,218**
TOTAL LIABILITIES	**3,535**	**88**	**3,623**
TOTAL EQUITY AND LIABILITIES	**4,084**	**(107)**	**3,977**

PROVISIONAL ALLOCATED GOODWILL LIRA S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(88)	21	(67)	
Bad debt Write-off	(169)	41	(128)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(257)**	**62**	**(195)**	**A**
Equity before PPA adjustments			**549**	**B**
EQUITY IFRS after PROVISIONAL PPA			**354**	**C = A + B**
Cost of the investment			**3,236**	**D**
Transaction costs capitalized			**(146)**	**E**
Cost of the investment - net of transaction costs			**3,090**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**2,736**	**G = F - C**

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REVISO INTERNATIONAL

In May 2016, TeamSystem Group completed the acquisition of a 100% interest in ECI Denmark ApS (which changed it name to Reviso International ApS in June 2016), a Danish software house that has developed Cloud-SaaS-native accounting and invoicing software designed mainly for small and medium-sized enterprises. The acquisition of ECI Denmark APS represents a fundamental pillar of the Group's cloud strategy that will reinforce the product range offered. The consideration paid was € 7 million.

Reviso International ApS's results have been consolidated in 2016 as from June 2016.

The purchase price allocation recognised for the acquisition of Reviso International ApS was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 10,856 thousand) was also provisional at 31 December 2016.

The table below sets out the provisional determination of goodwill relating to Reviso International ApS resulting from the provisional allocation of the purchase price.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REVISO GROUP ASSETS	31 May 2016	PPA Provisional Adjustments	31 May 2016 After PPA Provisional Adjustments
Tangible assets	17		17
Intangible assets	278		278
TOTAL NON CURRENT ASSETS	**295**	**0**	**295**
Trade receivables	38		38
Other receivables - current	124		124
Cash and bank balances	374		374
TOTAL CURRENT ASSETS	**536**	**0**	**536**
TOTAL ASSETS	**831**	**0**	**831**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REVISO GROUP EQUITY AND LIABILITIES	31 May 2016	PPA Provisional Adjustments	31 May 2016 After PPA Provisional Adjustments
TOTAL EQUITY	425	0	425
Trade payables	(10)		(10)
Other liabilities - current	417		417
TOTAL CURRENT LIABILITIES	406	0	406
TOTAL LIABILITIES	406	0	406
TOTAL EQUITY AND LIABILITIES	831	0	831

PROVISIONAL ALLOCATED GOODWILL REVISO GROUP	Adjustments	Tax Adjustments	Impact on Equity	NOTES
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	0	0	0	A
Equity before PPA adjustments			425	B
EQUITY IFRS after PROVISIONAL PPA			425	C = A + B
Cost of the investment			11,697	D
Transaction costs capitalized			(416)	E
Cost of the investment - net of transaction costs			11,281	F = D + E
PROVISIONAL GOODWILL IFRS 3			10,856	G = F - C

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CIDIEMME INFORMATICA

On 15 June 2016, TeamSystem S.p.A. completed the acquisition of a 100% interest in Cidiemme Informatica S.r.l., a company that has developed strong capabilities and which holds a “AV2000” licence. The consideration paid was € 1.5 million. The company will add to TeamSystem S.p.A. a consolidated customer base of wine producers and a high quality skill set focused on sales, delivery and development of IT solutions for the wine sector with the aim of sales growth and enhancement of “Alyante Vitivinicolo”, TeamSystem S.p.A. software designed for wine production.

Cidiemme Informatica S.r.l's results have been consolidated in 2016 as from July 2016, which was close to the date of acquisition of control thereover.

The purchase price allocation recognised for the acquisition of Cidiemme Informatica S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 1,431 thousand) was also provisional at 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CIDIEMME INFORMATICA S.r.l. ASSETS	30 Jun 2016	PPA Provisional Adjustments	30 Jun 2016 After PPA Provisional Adjustments
Tangible assets	9		9
Intangible assets	1		1
Deferred tax assets	0	6	6
TOTAL NON CURRENT ASSETS	10	6	16
Inventories	10		10
Trade receivables	334		334
Tax receivables	14		14
Other receivables - current	31		31
Cash and bank balances	868		868
TOTAL CURRENT ASSETS	1,258	0	1,258
TOTAL ASSETS	1,268	6	1,274

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CIDIEMME INFORMATICA S.r.l. EQUITY AND LIABILITIES	30 Jun 2016	PPA Provisional Adjustments	30 Jun 2016 After PPA Provisional Adjustments
TOTAL EQUITY	**706**	**(19)**	**687**
Staff leaving indemnity	238	25	263
TOTAL NON CURRENT LIABILITIES	**238**	**25**	**263**
Trade payables	51		51
Tax liabilities - current	73		73
Other liabilities - current	200		200
TOTAL CURRENT LIABILITIES	**324**	**0**	**324**
TOTAL LIABILITIES	**561**	**25**	**586**
TOTAL EQUITY AND LIABILITIES	**1,268**	**6**	**1,274**

PROVISIONAL ALLOCATED GOODWILL CIDIEMME INFORMATICA S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(25)	6	(19)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(25)**	**6**	**(19)**	**A**
Equity before PPA adjustments			**706**	**B**
EQUITY IFRS after PROVISIONAL PPA			**687**	**C = A + B**
Cost of the investment			**2,169**	**D**
Transaction costs capitalized			**(51)**	**E**
Cost of the investment - net of transaction costs			**2,118**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**1,431**	**G = F - C**

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MONDORA

On 15 June 2016, TeamSystem S.p.A. acquired a 51% interest in Mondora S.r.l. for a consideration of € 0.9 million and entered into a put and call agreement for the residual 49%.
Mondora will contribute to TeamSystem Group by bringing new capabilities for the development of advanced cloud/Saas solutions and strategic expertise needed to achieve ambitious cloud growth targets. It will also be a key player for the implementation of HUB B2B and other SaaS/cloud solutions that will be sold through TeamSystem S.p.A.'s commercial channels.

Mondora S.r.l.'s results have been consolidated in 2016 as from July 2016.

The purchase price allocation recognised for the acquisition of Mondora S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 4,975 thousand) was also provisional at 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION MONDORA S.r.l. ASSETS	30 Jun 2016	PPA Provisional Adjustments	30 Jun 2016 After PPA Provisional Adjustments
Tangible assets	18		18
Intangible assets	289		289
Deferred tax assets	7	1	8
TOTAL NON CURRENT ASSETS	**314**	**1**	**315**
Trade receivables	389		389
Tax receivables	12		12
Other receivables - current	326		326
Cash and bank balances	601		601
TOTAL CURRENT ASSETS	**1,327**	**0**	**1,327**
TOTAL ASSETS	**1,641**	**1**	**1,642**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION MONDORA S.r.l. EQUITY AND LIABILITIES	30 Jun 2016	PPA Provisional Adjustments	30 Jun 2016 After PPA Provisional Adjustments
TOTAL EQUITY	**845**	**(5)**	**840**
Staff leaving indemnity	121	6	127
TOTAL NON CURRENT LIABILITIES	**121**	**6**	**127**
Financial liabilities with banks and other institutions - current	47		47
Trade payables	68		68
Tax liabilities - current	197		197
Other liabilities - current	364		364
TOTAL CURRENT LIABILITIES	**676**	**0**	**676**
TOTAL LIABILITIES	**797**	**6**	**803**
TOTAL EQUITY AND LIABILITIES	**1,641**	**1**	**1,642**

PROVISIONAL ALLOCATED GOODWILL MONDORA S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(6)	1	(5)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(6)**	**1**	**(5)**	**A**
Equity before PPA adjustments			**845**	**B**
EQUITY IFRS after PROVISIONAL PPA			**840**	**C = A + B**
Cost of the investment			**5,817**	**D**
Transaction costs capitalized			**(2)**	**E**
Cost of the investment - net of transaction costs			**5,815**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**4,975**	**G = F - C**

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EASYFATT

On 29 July 2016, Danea Soft S.r.l. acquired, for a consideration of € 2.4 million, a 100% interest in Easyfatt Dev S.r.l., which is specialised in the development of management software for microenterprises. The transaction gave rise to the insourcing of a strategic supplier to the Group.

Easyfatt Dev S.r.l.'s results have been consolidated in 2016 as from October 2016.

The purchase price allocation recognised for the acquisition of Easyfatt Dev S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 4,000 thousand) was also provisional at 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EASYFATTDEV S.r.l. ASSETS	03 Oct 2016	PPA Provisional Adjustments	03 Oct 2016 After PPA Provisional Adjustments
Tangible assets	1		1
Goodwill	50	(50)	0
TOTAL NON CURRENT ASSETS	**51**	**(50)**	**1**
TOTAL ASSETS	**51**	**(50)**	**1**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EASYFATTDEV S.r.l. EQUITY AND LIABILITIES	03 Oct 2016	PPA Provisional Adjustments	03 Oct 2016 After PPA Provisional Adjustments
TOTAL EQUITY	50	(50)	0
Other liabilities - current	1		1
TOTAL CURRENT LIABILITIES	1	0	1
TOTAL LIABILITIES	1	0	1
TOTAL EQUITY AND LIABILITIES	51	(50)	1

PROVISIONAL ALLOCATED GOODWILL EASYFATTDEV S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Goodwill Write-off	(50)		(50)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	(50)	0	(50)	A
Equity before PPA adjustments			50	B
EQUITY IFRS after PROVISIONAL PPA			0	C = A + B
Cost of the investment			4,000	D
Transaction costs capitalized			0	E
Cost of the investment - net of transaction costs			4,000	F = D + E
PROVISIONAL GOODWILL IFRS 3			4,000	G = F - C

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INFORMATICA VENETA

In September 2016, Inforyou S.r.l. completed the acquisition of a 100% interest in Informatica Veneta S.r.l., which is mainly focused on the sale of cloud software for gyms and wellness centres. The consideration paid was € 0.3 million. Thanks to its SaaS/Cloud technology related skills and know-how, Informatica Veneta S.r.l. has contributed a portfolio of 250 active customers to TeamSystem Group.

Informatica Veneta S.r.l.'s results have been consolidated in 2016 as from 1 October 2016.

The purchase price allocation recognised for the acquisition of Informatica Veneta S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 1,335 thousand) was also provisional at 31 December 2016.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATICA VENETA S.r.l. ASSETS	30 Sep 2016	PPA Provisional Adjustments	30 Sep 2016 After PPA Provisional Adjustments
Tangible assets	10		10
Intangible assets	32		32
TOTAL NON CURRENT ASSETS	43	0	43
Inventories	24		24
Trade receivables	216		216
Tax receivables	6		6
Other receivables - current	13		13
Cash and bank balances	7		7
TOTAL CURRENT ASSETS	267	0	267
TOTAL ASSETS	309	0	309

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATICA VENETA S.r.l. EQUITY AND LIABILITIES	30 Sep 2016	PPA Provisional Adjustments	30 Sep 2016 After PPA Provisional Adjustments
TOTAL EQUITY	40	0	40
Staff leaving indemnity	16		16
TOTAL NON CURRENT LIABILITIES	16	0	16
Financial liabilities with banks and other institutions - current	11		11
Other financial liabilities - current	50		50
Trade payables	166		166
Tax liabilities - current	2		2
Other liabilities - current	25		25
TOTAL CURRENT LIABILITIES	254	0	254
TOTAL LIABILITIES	270	0	270
TOTAL EQUITY AND LIABILITIES	309	0	309

PROVISIONAL ALLOCATED GOODWILL INFORMATICA VENETA S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	0	0	0	A
Equity before PPA adjustments			40	B
EQUITY IFRS after PROVISIONAL PPA			40	C = A + B
Cost of the investment			1,378	D
Transaction costs capitalized			(3)	E
Cost of the investment - net of transaction costs			1,375	F = D + E
PROVISIONAL GOODWILL IFRS 3			1,335	G = F - C

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TEAMSYSTEM C&D

On 12 December 2016, TeamSystem S.p.A. acquired a 100% interest in TeamSystem C&D S.r.l. (a TeamSystem S.p.A. dealer) for a consideration of € 0.8 million.
At the end of 2014, an agreement had been entered into with the dealer TeamSystem C&D S.r.l., whereby the owners of the latter granted TeamSystem S.p.A. a call option, by means of which, at predetermined due dates, the latter would have been able to acquire a 100% interest in TeamSystem C&D.

For the purpose of these consolidated financial statements, only the newly acquired company's financial position at 31 December 2016 has been included.

The purchase price allocation recognised for the acquisition of TeamSystem C&D S.r.l. was still provisional at 31 December 2016 and, consequently, the related goodwill (€ 2,094 thousand) was also provisional at 31 December 2016.

The table below sets out the provisional determination of goodwill relating to TeamSystem C&D S.r.l.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TEAMSYSTEM C&D S.r.l. ASSETS	31 Dec 2016	PPA Provisional Adjustments	31 Dec 2016 After PPA Provisional Adjustments
Tangible assets	54		54
Intangible assets	293		293
Goodwill	106	(106)	0
Deferred tax assets	0	11	11
TOTAL NON CURRENT ASSETS	**453**	**(95)**	**358**
Inventories	14		14
Trade receivables	1,974		1,974
Tax receivables	40		40
Other receivables - current	68		68
Other financial assets - current	178		178
Cash and bank balances	233		233
TOTAL CURRENT ASSETS	**2,507**	**0**	**2,507**
TOTAL ASSETS	**2,960**	**(95)**	**2,865**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TEAMSYSTEM C&D S.r.l. EQUITY AND LIABILITIES	31 Dec 2016	PPA Provisional Adjustments	31 Dec 2016 After PPA Provisional Adjustments
TOTAL EQUITY	**114**	**(139)**	**(25)**
Staff leaving indemnity	612	44	656
TOTAL NON CURRENT LIABILITIES	**612**	**44**	**656**
Financial liabilities with banks and other institutions - current	56		56
Trade payables	1,920		1,920
Tax liabilities - current	31		31
Other liabilities - current	227		227
TOTAL CURRENT LIABILITIES	**2,234**	**0**	**2,234**
TOTAL EQUITY AND LIABILITIES	**2,960**	**(95)**	**2,865**

PROVISIONAL ALLOCATED GOODWILL TEAMSYSTEM C&D S.r.l.	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(44)	11	(33)	
Goodwill Write-off	(106)		(106)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(150)**	**11**	**(139)**	**A**
Equity before PPA adjustments			**114**	**B**
EQUITY IFRS after PROVISIONAL PPA			**(25)**	**C = A + B**
Cost of the investment			**2,169**	**D**
Transaction costs capitalized			**(100)**	**E**
Cost of the investment - net of transaction costs			**2,069**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**2,094**	**G = F - C**

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ALIASLAB

On 22 December 2016, TeamSystem S.p.A. acquired a 51% interest in Aliaslab S.p.A. for a consideration of € 24.6 million and entered into a put and call agreement for the residual 49%. Aliaslab is a company specialised in electronic signature and authentication services, with distinctive market positioning in Italy and with total revenue for 2016 of approximately € 13.5 million. The transaction has made it possible for TeamSystem to leverage a series of solutions and state-of-the-art skills at European level and to immediately become a significant player in a market, such as that for digital signatures, which is destined to quadruple its value in Europe by 2020.

For the purpose of these consolidated financial statements, only the newly acquired company's financial position at 31 December 2016 has been included.

The purchase price allocation recognised for the acquisition of Aliaslab S.p.A. was still provisional at 31 December 2016 and, consequently, the related goodwill recognised in the Group's consolidated financial statements (€ 64,061 thousand) was also provisional at 31 December 2016, while further information is obtained on the subsidiary in the months subsequent to the reporting date.

The table below sets out the provisional determination of goodwill relating to Aliaslab S.p.A.

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ALIASLAB GROUP ASSETS	31 Dec 2016	PPA Provisional Adjustments	31 Dec 2016 After PPA Provisional Adjustments
Tangible assets	180		180
Intangible assets	35		35
Goodwill	857	(857)	0
Other Investments	200		200
Deferred tax assets	7	10	17
TOTAL NON CURRENT ASSETS	**1,279**	**(847)**	**432**
Inventories	167		167
Trade receivables	4,508		4,508
Tax receivables	1		1
Other receivables - current	437		437
Other financial assets - current	98		98
Cash and bank balances	3,452		3,452
TOTAL CURRENT ASSETS	**8,663**	**0**	**8,663**
TOTAL ASSETS	**9,941**	**(847)**	**9,094**

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ALIASLAB GROUP EQUITY AND LIABILITIES	31 Dec 2016	PPA Provisional Adjustments	31 Dec 2016 After PPA Provisional Adjustments
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	**6,453**	**(889)**	**5,564**
TOTAL NON CONTROLLING INTERESTS	**157**	**0**	**157**
TOTAL EQUITY	**6,611**	**(889)**	**5,722**
Staff leaving indemnity	325	42	367
Provisions for risks and charges	197		197
TOTAL NON CURRENT LIABILITIES	**523**	**42**	**565**
Trade payables	671		671
Tax liabilities - current	717		717
Other liabilities - current	1,419		1,419
TOTAL CURRENT LIABILITIES	**2,808**	**0**	**2,808**
TOTAL LIABILITIES	**3,331**	**42**	**3,373**
TOTAL EQUITY AND LIABILITIES	**9,941**	**(847)**	**9,094**

PROVISIONAL ALLOCATED GOODWILL ALIASLAB GROUP	Adjustments	Tax Adjustments	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	(42)	10	(32)	
Goodwill Write-off	(857)		(857)	
TOTAL PROVISIONAL ADJUSTMENTS PPA IFRS	**(899)**	**10**	**(889)**	**A**
Equity before PPA adjustments			**6,453**	**B**
EQUITY IFRS after PROVISIONAL PPA			**5,564**	**C = A + B**
Cost of the investment			**70,630**	**D**
Transaction costs capitalized			**(1,005)**	**E**
Cost of the investment - net of transaction costs			**69,625**	**F = D + E**
PROVISIONAL GOODWILL IFRS 3			**64,061**	**G = F - C**

16. OTHER INVESTMENTS AND INVESTMENTS IN ASSOCIATES

	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	Revaluations	(Write-downs)	31 Dec 2016
Investments in Associates		445			11	(125)	331
Other Investments		175	201	60		(100)	335
Total		**620**	**201**	**60**	**11**	**(225)**	**666**

Investments in associates relate to investments held through the subsidiary TSS S.p.A. The revaluations and writedowns have arisen from the application of the equity method for the measurement thereof.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

Deferred tax assets at 31 December 2016 amounted to € 13,732 thousand. Details of movements in deferred tax assets in 2016 are shown in the following table.

DEFERRED TAX ASSETS	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2016
Provision for slow-moving inventories		73			4		77
Provision for pension and similar obligation		69				(53)	16
Staff leaving indemnity - actuarial valuation		199			62	(136)	125
Provision for litigations		149				(28)	121
Other minor items		63				(63)	
Provision for bad-debts		1,485			220	(458)	1,247
Other Provision		66			80	(35)	111
TeamSystem S.p.A.		**2,104**			**366**	**(773)**	**1,697**
Provision for bad-debts		1,379			357	(136)	1,600
Tax step-up of Goodwill		9,063				(289)	8,774
Staff leaving indemnity - actuarial valuation		11			24		35
Losses carried forward							
Other Provision		19					19
Other minor items							
TSS S.p.A.		**10,472**			**381**	**(425)**	**10,428**
Deferred tax asset of other Subsidiaries		799	43		136	(63)	915
Other Subsidiaries		**799**	**43**		**136**	**(63)**	**915**
Provision for slow-moving inventories		56					56
Write-off start-up costs		6				(1)	5
Write-off other tangible / intangible assets		20				(7)	13
Provision for litigations		92				(56)	36
Fair value deferred revenue - ACG		13				(13)	
Provision for pension and similar obligations - ACG		157					157
Bad debts write-off			47			(47)	
Write-off capitalized development costs - TSS							
Staff leaving indemnity - actuarial valuation		135	60		120	(17)	298
Other minor items					127		127
Consolidation entries		**479**	**107**		**247**	**(141)**	**692**
Total		**13,854**	**150**		**1,130**	**(1,402)**	**13,732**

Deferred tax assets at 31 December 2016 include approximately € 8.7 million relating to the step-up for tax purposes of goodwill enacted by the subsidiary TSS S.p.A. The other main components for which the Group companies have recognised deferred tax assets relate to the allowance for bad debts, to the provision for agents' indemnity and other provisions for risks and charges which are disallowed for tax purposes. These deferred tax assets are not subject to any maturity or expiration.

Deferred tax liabilities

Deferred tax liabilities at 31 December 2016 amounted to € 198,874 thousand. Movements in deferred tax liabilities in 2016 are summarised in the following table.

DEFERRED TAX LIABILITIES	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2016
Financing Fees		2,795				(2,795)	
Fair value valuation of lands and buildings		1,869				(163)	1,706
TeamSystem - Intangibles		180,512				(10,179)	170,333
Capitalized development costs		5				(5)	
Investments revaluation		730					730
TeamSystem S.p.A.		**185,911**				**(13,142)**	**172,769**
TSS - Intangibles		1,396				(427)	969
TSS S.p.A.		**1,396**				**(427)**	**969**
Deferred tax liabilities of other Subsidiaries							
Other Subsidiaries							
Euroconference - Intangibles		1,120				(52)	1,068
Euroconference - Services in progress		28				(28)	
Finance lease and valuation of asset at fair value							
Investments revaluation		(730)					(730)
Other minor items		3					3
Nuovamacut - Intangibles		8,101				(405)	7,696
TSS - Intangibles		11,710				(1,522)	10,188
ACG - Intangibles		6,607				(560)	6,047
Capitalized development costs		660			324	(120)	864
Consolidation entries		**27,499**			**324**	**(2,687)**	**25,136**
Total		**214,806**			**324**	**(16,256)**	**198,874**

The main decrease in 2016 of € 10,179 thousand relates to the reversal of the deferred tax liability recognised on the amortisation of intangible assets (software, brands, customer relationships and other IFRS assets) identified for the purpose of the allocation of the price paid for the acquisition by TeamSystem Group by the private equity firm H&F.
The overall change in deferred tax assets and liabilities gave rise to a positive impact on the consolidated statement of profit or loss of € 15,430 thousand (and a further positive impact on the consolidated statement of comprehensive income of € 183 thousand). Of this amount, € 2,795 thousand consists of a non-recurring amount attributable to the derecognition of TeamSystem S.p.A.'s deferred tax liability recognised on expenses incurred on the issue of Senior Secured Notes that were redeemed during the year. This deferred tax had been treated as tax deductible on a cash basis (as permitted by applicable legislation) whereas, for statutory accounting purposes, it was being amortised over the term to maturity of the Bond to which it related.
On account of the circumstances whereby almost all the Group companies are domiciled in Italy, the most significant difference between the actual tax rate and the nominal tax rate relates to deferred tax that the Group has not recognised on interest expense that was not deducted as it exceeded the limit of gross operating profit.

18. NET FINANCIAL POSITION – (NET FINANCIAL INDEBTEDNESS)

	Current	Non Current	31 Dec 2016 Total
Bank accounts and post office	19,031		19,031
Cash and bank balances	375		375
Total Cash and bank balances	**19,406**		**19,406**
Loans	769		769
Other financial assets	375	250	625
Total Other financial assets	**1,145**	**250**	**1,395**
Loans with banks	(47,703)		(47,703)
Overdrafts with banks	(202)		(202)
Notes		(640,000)	(640,000)
Dividends to be paid	(40)		(40)
Total Financial liabilities	**(47,945)**	**(640,000)**	**(687,945)**
Financing Fees - notes	9,551	20,834	30,386
Financing Fees - banks	1,089	3,993	5,082
Total Financing Fees	**10,640**	**24,828**	**35,468**
Vendor loan	(10,858)	(81,497)	(92,356)
Commissions financial liabilities	(32)		(32)
Other financial liabilities	(2)		(2)
Total Other financial liabilities	**(10,893)**	**(81,497)**	**(92,390)**
Total	**(27,647)**	**(696,420)**	**(724,067)**

Net debt as of December 2016 amounted to € 724,067 thousand.

Existing Notes

In May 2013, TeamSystem Holding S.p.A. underwent a complex refinancing of its financial structure that culminated on 7 May 2013 with an issue of Notes ("Original Notes" or "Existing Notes") of a total principal amount of € 300 million, followed by a further € 130 million that was treated as an additional tranche and which was issued in April 2014.

The Existing Notes were listed on the ExtraMot segment of the Italian Stock Exchange and on the Luxembourg Stock Exchange. The Existing Notes had a coupon payable half-yearly (15 May and 15 November) and bore interest at 7.375% of the principal amount of the Existing Notes.
The costs incurred for the issue of the above Existing Notes were recognised as financing fees and amortised on a straight line basis over the contractual term of the Existing Notes (the maturity date of which had been envisaged to be 15 May 2020).

Following the acquisition of TeamSystem Group on 1 March 2016 by private equity funds advised by Hellman & Friedman, on 20 May 2016 TeamSystem Holding redeemed the Existing Notes and paid the related Applicable Premium of € 15.9 million (as provided for by the Indenture governing the Existing Notes). As a consequence of the early redemption of the Existing Notes, the residual amount of the financing fees pertaining to the Existing Notes (at 20 May 2016) was charged to the Group's consolidated statement of profit or loss. The foregoing gave rise to the recognition of non-recurring finance costs of € 27,183 thousand, as previously stated in these notes.

Senior Notes
With respect to the Acquisition, on 1 March 2016, TeamSystem Holding S.p.A. (formerly Barolo Midco S.p.A.) issued Senior Floating Rate Notes (the "Senior Notes" - ISIN: XS1372159266, XS1372160603) with a principal amount of € 150 million, with a maturity date in 2023. The Senior Notes bear interest payable quarterly (1 April, 1 July, 1 October and 1 January, commencing 1 July 2016) at an interest rate equating to the three-month Euribor rate - with a floor of 1% - plus a spread of 8%.

The Senior Notes are listed on the Third Market of the Vienna Stockmarket.

The Senior Notes may be redeemed at the option of the issuer:

- At any time prior to 1 March 2018, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes plus an Applicable Premium (as provided for by the Indenture governing the Senior Notes);
- at any time prior to 1 March 2018, up to 40% of the aggregate principal amount of the Senior Notes may also be redeemed with funds in an aggregate amount not exceeding the cash proceeds of one or more Equity Offerings at a redemption price equal to the lesser of (i) 109.000% of the principal amount of the Senior Notes, plus accrued and unpaid interest and any Additional Amounts (each term as defined in the Indenture), and (ii) the Applicable Premium, to, but not including, the applicable redemption date, according to the terms and conditions of the Senior Notes Indenture; and
- at any time on or after 1 March 2018 and up to the maturity date, the Senior Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Notes Indenture for each relevant twelve month period

Upon the occurrence of certain events constituting a "change of control", the New TeamSystem Holding S.p.A. may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

The costs incurred for the issue of the above Senior Notes have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the Senior Notes, the maturity date of which, as stated above, is 1 March 2023.

Senior Secured Notes
On 20 May 2016, TeamSystem S.p.A. (formerly Barolo Bidco S.p.A.) issued €450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the "Original Senior Secured Notes") (ISIN: XS1408420443). On the same day, TeamSystem Holding S.p.A. repaid its existing €430 million 7.375% Senior Secured Notes due 2020 using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture. On 22 December 2016, TeamSystem S.p.A. issued €40 million in aggregate principal amount of senior secured floating rate notes due 2022 (the "Additional Senior Secured Notes" and, together with the Original Senior Secured Notes, the "Senior Secured Notes") (ISIN: XS1408420443).

The Senior Secured Notes bear interest payable quarterly (1 April, 1 July, 1 October and 1 January, commencing 1 July 2016) at an interest rate equating to the three-month Euribor rate - with a floor of 1% - plus a spread of 6.25%.

The Senior Secured Notes are listed on the Third Market of the Vienna Stockmarket.

The Senior Secured Notes may be redeemed, at the option of the issuer of the Senior Secured Notes:

- at any time prior to 20 May 2017, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Secured Notes (the "Senior Secured Notes Indenture"); and
- at any time on or after 20 May 2017 and up to the maturity date, the Senior Secured Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Secured Notes Indenture for each relevant twelve month period

Upon the occurrence of certain events constituting a "change of control", the issuer of the Senior Secured Notes may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

The costs incurred for the issue of the above Senior Secured Notes have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the Senior Notes, the maturity date of which, as stated above, is 20 May 2022.

Revolving credit facility (RCF)
As part of its previous debt restructuring in May 2013, the Group had also negotiated a revolving credit facility of € 45 million (the "Original RCF") the maturity date of which was 15 November 2019.
The costs incurred to obtain the above credit facility had been recognised as financing fees and were being amortised on a straight line basis over the contractual term of the facility, which, as stated above, had a maturity date of 15 May 2019.

Following the acquisition of TeamSystem Group on 1 March 2016, the Original RCF was cancelled and the residual amount of the financing fees pertaining thereto (at 1 March 2016) was charged to the Group's consolidated statement of profit or loss.

On the same date (1 March 2016), TeamSystem S.p.A. negotiated a new revolving credit facility (the "New RCF") totalling € 65 million, with a maturity date of 1 September 2021. The interest rate payable on the new facility is based on Libor or Euribor, plus an initial spread of 4%, which may vary based on the achievement of certain financial parameters (consolidated leverage ratio) as set out in the credit facility agreement.

The costs incurred to obtain the New RCF have been recognised as financing fees and are being amortised on a straight line basis over the contractual term of the credit facility.

Collateral provided
Liens and pledges over the shares of TeamSystem S.p.A. and TeamSystem Holding S.p.A. have been provided as collateral for both the revolving credit facility and the Senior Notes and the Senior Secured Notes, as detailed in Note 29.

Vendor loan
The vendor loan (€ 92,356 thousand at 31 December 2016) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries (Metodo S.p.A., Inforyou S.r.l., Gruppo Euroconference S.p.A., TeamSystem Communication S.r.l., TeamSystem Emilia S.r.l., Danea Soft S.r.l., Digita S.r.l. and Madbit Entertainment S.r.l., Euresys S.r.l., Aliaslab S.p.A. and Mondora S.r.l.). As previously stated in the paragraph on "Basis of consolidation", the Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling interest holders of the acquiree. For those cases where part of the acquisition takes place through the execution of a binding option agreement, with the simultaneous existence of put and call clauses, the investee is consolidated and the estimated amount of the exercise price under the put and call agreements is included in the cost of the acquisition and contributes to the determination of goodwill; recognition is then made of a liability due to non-controlling interest holders ("vendor loan"), which is subject to fair value measurement and subsequent changes therein.

Changes in the vendor loan in 2016 are summarised below.

	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2016
Vendor Loan		29,430	61,588	1,644	5,265	(9)	(5,563)	92,356
Total		**29,430**	**61,588**	**1,644**	**5,265**	**(9)**	**(5,563)**	**92,356**

In 2016, € 5.6 million of vendor loan payments were made relating to the following acquisitions:
- 22.09% of the capital of TeamSystem Emilia S.r.l.;
- 0.14% of the capital of Gruppo Euroconference S.p.A.;
- 12.5% of the capital of Inforyou S.r.l.; and
- 40% of the capital of Digita S.r.l.;
- as well as due to the exercise of the earn-out clause relating to the investment in Lexteam S.r.l.

19. INVENTORIES

	31 Dec 2016
Raw and ancillary materials	381
Finished products and goods	1,558
(Allowance for slow-moving inventory)	(517)
Total	**1,422**

Inventories amounted to € 1,422 thousand at 31 December 2016 and included hardware products not yet delivered at the reporting date, as well as consumables, accessories and third party software modules and software licences for resale characterised by a high turnover.

20. TRADE RECEIVABLES

	31 Dec 2016
Trade receivables	119,256
(Allowance for bad debts)	(15,889)
Total	**103,367**

Trade receivables at 31 December 2016 amounted to € 103,367 thousand, net of the allowance for bad debts of € 15,889 thousand.

Movements in the allowance for bad debts in 2016 are summarised below.

	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2016
Allowance for bad debts		14,076	932		3,595	(2,714)	15,889
Total		**14,076**	**932**		**3,595**	**(2,714)**	**15,889**

(*) = Credit Losse balances included both in Addition and Utilisation figures

The utilisations of the allowance are due to the write off of receivables, based on elements of certainty and precision, or based on ongoing insolvency proceedings.
The balances shown in the column headed "Change in cons. area" relate to the allowances for bad debts of the companies newly consolidated in 2016 as at their respective acquisition dates (€ 781 thousand of which relates to TeamSystem C&D S.r.l.).

21. TAX RECEIVABLES

	31 Dec 2016
Tax credits	13
Other tax receivables	277
Advances and credit on income taxes	1,462
Total	**1,752**

Tax receivables at 31 December 2016 amounted to € 1,752 thousand.
Advances and tax credits consist of:

- a receivable due to Group companies of approximately € 1.4 million arising from non-recurring income triggered by an IRES refund attributable to the non-deduction of IRAP, which was acknowledged in 2012.
- tax receivables due to certain subsidiaries.

22. OTHER RECEIVABLES - CURRENT

	31 Dec 2016
VAT receivables	653
Deposits	606
Receivables from employees	211
Other receivables - current	2,410
Accrued income	147
Prepayments	10,761
Other current receivables	**14,788**

Other current receivables came to € 14,788 at 31 December 2016. The main components are the following:

- Other sundry current receivables (€ 2,410 thousand), which mainly consist of advances to suppliers paid to various Group companies;
- Prepaid expenses (€ 10,761 thousand), which mainly consist of fees for maintenance and support provided by third parties.
- Deposits (€ 606 thousand) mainly relating to cautionary deposits required by rental arrangements.

23. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND MINORITY INTERESTS

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
Opening Balance	50					50		50
Barolo MidCo Capital Increase	5,400	637,300				**642,700**		**642,700**
Acquisition of TeamSystem Group						**0**	800	**800**
Acquisition of AliasLab Group						**0**	157	**157**
Change in Non controlling interests IFRS 3			(3)			**(3)**	(23)	**(26)**
Dividends						**(0)**	(164)	**(164)**
Profit (Loss) on comprehensive income		(580)			(75,771)	**(76,351)**	290	**(76,060)**
31 Dec 2016	**5,450**	**636,720**	**(3)**	**0**	**(75,771)**	**566,396**	**1,060**	**567,456**

Equity attributable to owners of the parent company at 31 December 2016 amounted to € 566,396 thousand.

On 19 February 2016, the shareholders of TeamSystem Holding S.p.A. (formerly Barolo Midco S.p.A.) in general meeting approved a cash capital increase of a maximum nominal amount of € 5,400 thousand via the issue of 5,400,000 new ordinary shares with a par value of Euro 1.00 each.

On 1 March 2016, the shareholder Barolo Lux 1 S.à.r.l. paid an amount of € 565,530 thousand, having thus subscribed to the entire capital increase (and, accordingly, to all the 5,400,000 new ordinary shares with a par value of Euro 1.00 each) for a total subscription price of € 540,000 thousand (generating a share premium of € 534,600 thousand). The excess amount of € 25,531 thousand constituted a capital contribution.
On the same date (1 March 2016), the shareholder Barolo Lux 1 S.à.r.l. declared its intention to give effect to a capital contribution to Barolo Midco S.p.A. associated with a receivable of € 77,170 thousand arising from a loan agreement entered into by Barolo Bidco S.p.A.

The decrease in other reserves (€ 580 thousand) mainly relates to the recognition of actuarial differences in compliance with IAS 19 (see Note 24).

The change in non-controlling interests relates to changes in equity attributable to the Group (and to non-controlling interest holders) as a consequence of a decrease in non-controlling interests following the acquisition of further equity interests by the Parent Company.
Equity attributable to non-controlling interest holders (€ 1,060 thousand) relates to equity interests held by third parties in Gruppo Euroconference S.p.A., Nuovamacut Nord Ovest S.r.l., Nuovamacut Centro Sud S.r.l., Voispeed Limited and Elaide S.r.l.

24. STAFF LEAVING INDEMNITY

	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2016
Staff leaving indemnity		15,936	2,032	87	743	280	761	(1,361)	18,478
Total		**15,936**	**2,032**	**87**	**743**	**280**	**761**	**(1,361)**	**18,478**

The liability associated with the staff leaving indemnity at 31 December 2016 amounted to € 18,478 thousand. Part of the change in the staff leaving indemnity is due to a change in the scope of consolidation attributable to newly consolidated companies.

In accordance with IAS 19, the staff leaving indemnity is considered to be a defined benefit plan to be accounted for by applying the "Projected Unit Credit Method," which consists of discounting an estimate of the amount to be paid to each employee on termination of their employment and the consequent determination of:
- **initial DBO**, that is, the present value of employee service payments expected to be made in the future, already available at the beginning of the period;
- **service cost**, that is, the present value of expected future employee service relating to services provided in the current period;
- **interest cost**, namely, interest on the provision at the beginning of the period and on corresponding movements in the period being considered;
- **benefits paid and transfers in/out** represent all payments and transfers in and out relating to the period being considered, being elements that lead to the utilisation of the provision
- **the actuarial gain / loss,** namely, the actuarial gain/loss relating to the valuation period.

The estimate, which was performed by an independent actuary, was computed on the basis of the following assumptions:

	Year ended 31.12.2016
Turnover	4.00%
Discount rate	1.62%
Anticipation rate	1.00 %

The discount rate used for the determination of the present value of the staff leaving indemnity at 31 December 2016 was determined with reference to the IBoxx Eurozone Corporate A index.
Moreover, it should be noted that, should the annual discount rate vary by +/- 0,25%, the staff leaving indemnity would amount to approximately € 18.9 million and € 17.8 million, respectively.

IAS 19 - Employee Benefits requires the recognition of actuarial gains and losses arising from the "remeasurement" of liabilities and assets in the consolidated statement of comprehensive income. Consequently, the income included in the consolidated statement of comprehensive income for the year ended 31 December 2016 (€ 761 thousand) corresponds to the actuarial gains/losses, as stated above, net of the tax effect of € 183 thousand.

25. PROVISIONS FOR RISKS AND CHARGES

	Opening Balance	TeamSystem Group Acquisition	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2016
Provision for pension and similar obligation		1,500	24		303	(310)	1,516
Provision for litigations		1,690				(359)	1,331
Other Provision for risks and charges		557	174	7	455	(135)	1,058
Total		3,747	198	7	758	(804)	3,906

Provisions for risks and charges amounted to € 3,906 thousand at December 2016. The components thereof are the following:

- Provision for pensions and similar obligations of € 1,516 thousand, relating mainly to the provision for agents' indemnity;
- Provision for litigation and disputes of € 1,331 thousand, relating to liabilities deemed to be probable that could arise from legal and tax disputes involving TeamSystem S.p.A., ACG S.r.l. and Metodo S.p.A.;
- Other provisions for risks and charges of € 1,058 thousand, relating to other liabilities deemed to be probable involving TeamSystem S.p.A., TSS S.p.A. and Aliaslab S.p.A.

Lastly, note that the Group companies are not party to any additional litigation or disputes worthy of note (in terms of probable liabilities) other than those already reflected by the figures in the financial statements.

26. TAX LIABILITIES - CURRENT

	31 Dec 2016
Income tax payables	5,723
Other tax liabilities	111
Total	**5,834**

Current tax liabilities came to € 5,834 at 31 December 2016. The balance almost entirely consists of current IRES and IRAP liabilities.

27. OTHER LIABILITIES - CURRENT AND NON CURRENT

	31 Dec 2016
VAT liabilities	1.453
Withholdings liabilities	3.825
Employees payables and Social security liabilities	21.360
Advances	3.453
Other liabilities	467
Accrued liabilities	301
Deferred revenues	26.165
Other current liabilities	**57.025**
Social security liabilities - non current	658
Other tax liabilities - non current	40
Other non current liabilities	**698**
Total Other liabilities	**57.723**

Other current and non-current liabilities amounted to a total of € 57,723 thousand at 31 December 2016.

Employee payables and Social security liabilities of € 15,103 thousand, relate to salaries and 2016 production bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for public holidays and holiday pay. There are no employee bonuses due beyond one year worthy of note.

Advances at 31 December 2016 amounted to € 3,453 thousand and mainly relate to advances received by the Education operating segment for ongoing training services being provided at the reporting date.

Deferred revenue (€ 16,156 thousand) mainly relates to the portion of revenue for software subscriptions (pertaining essentially to Nuovamacut Group companies, TSS S.p.A. and Danea Soft S.r.l.) attributable to future financial years, based upon the duration of the underlying contracts.

Other non-current liabilities at 31 December 2016 amounted to € 698 thousand and relate primarily to the following balances pertaining to TeamSystem S.p.A.:

- € 40 thousand relating to income tax, VAT and other taxes pertaining to TeamSystem Fabriano, which was merged into TeamSystem in 2001;
- € 658 thousand relating to social contributions, of which € 646 thousand relates to the ancillary establishment in Campobasso and € 11 thousand relates to the ancillary establishment in Fabriano.

28. FINANCIAL INSTRUMENTS AND IFRS 7

The Group is exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

Foreign exchange risks

The Group operates almost exclusively in Italy and, accordingly, is not exposed to foreign exchange risks.
In 2016, following the acquisition of Reviso International ApS and its subsidiaries, as well as the first-time consolidation of Vospeed Limited, which operates mainly in the UK, German, Danish and Spanish markets, there was an increase in foreign currency transactions, which, as things now stand, consist of modest amounts.

Similarly, due to the insignificance of the amounts concerned, the risk arising from the translation of foreign currency financial statements for consolidation purposes is also insignificant.

Credit risk

The credit risk is substantially reduced by the high fragmentation of the customer base and the high degree of customer loyalty. Moreover, accurate procedures for the control of overdue balances limit doubtful balances to insignificant amounts.

In any case, the customer credit policy, by customer category (resellers and end-users), envisages:
a) the control and assessment of "credit standing";
b) the control of the flow of payment collection;
c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying amount of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non-current financial assets.

As at 31 December 2016 the Group did not have any guarantees covering trade receivables.

The tool used most by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

With respect to overdue receivables, the writedown recorded in the consolidated financial statements was determined based on a specific analysis of doubtful debts.

Interest rate risk

The sensitivity analysis was conducted on the basis of the following hypotheses and assumptions:

- the sensitivity analysis were performed by applying reasonably variations in the relevant risk variables of Consolidated financial statements December 31, 2016's amount, as a hypothesis which assumes an increase in the EURIBOR reference rate of 100 bps;
- it was considered null and void the impact on senior notes for a total amount of € 150 million and the Senior Secured Notes for a total amount of € 490 million as it is contractually agreed a 1% floor on both bonds;
- The risk to the interest rate occurs on the RCF credit line, which is entered in December 31, 2016 for an amount of € 47 / million and involves the application of a variable base rate equal to Euribor duration draw.

With the assumptions described above borrowing costs could therefore increase by about 372 € / year Thousands.

Liquidity risk

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities. Management of these risks is entrusted to TeamSystem Group's Finance Department.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:
1. the maintenance of an adequate level of available liquidity;
2. the adoption of Cash-pooling at Group level;
3. the obtainment of adequate borrowing facilities;
4. the control of prospective liquidity conditions, in relation to the corporate planning process.

Set out below are details of the Group's financial assets and liabilities analysed according to the related due dates of the payment outflows. The flows indicated are non-discounted nominal cash flows, determined with reference to the residual contractual maturity for both capital and interest elements for which the assumed interest rates have remained unchanged from those existing at 31 December 2016.

POSITION AT 31 DECEMBER 2016	31 Dec 2016	within 12 months	within 1 - 2 years	within 2 - 5 years	over 5 years	Total cash flows
Accruals and prepaid commissions						
Crediti per finanziamenti	769	773				**773**
Other financial assets	625	376	100	150		**626**
Loans with banks	(47,703)	(1,286)			(47,000)	**(48,286)**
Overdrafts with banks	(202)	(202)				**(202)**
Notes	(640,000)	(49,035)	(49,035)	(147,104)	(669,470)	**(914,644)**
Financial liabilities with other institutions						
Dividends to be paid	(40)	(40)				**(40)**
Commissions financial liabilities	(32)	(32)				**(32)**
Other financial liabilities	(2)	(2)				**(2)**
Vendor loan	(92,356)	(10,915)	(6,470)	(68,843)	(28,296)	**(114,524)**
Total	**(778,941)**	**(60,363)**	**(55,405)**	**(215,797)**	**(744,766)**	**(1,076,331)**

The difference between the amounts reported in the consolidated financial statements and total cash flow is mainly attributable to the computation of interest over the contractual duration for amounts due to banks and to Bond subscribers or for the vendor loan.

Financial instruments by category (IFRS 7 paragraph 8)

As required by IFRS 7, paragraph 8, the Group's financial instruments have been identified by asset and liability category with respect to their classification in the statement of financial position.

POSITION AT 31 DECEMBER 2016	31 Dec 2016	FVTPL	LAR	AFS	FLAC
Current and Non current Assets					
Financing fees prepayments - current and non-current	0				0
Other financial assets - current and non current	1,395	178	1,119	0	97
Trade receivables	103,367		103,367		
Cash and bank balances	19,406				
Total	**124,168**	**178**	**104,486**	**0**	**97**
Current and Non Current Liabilities					
Financial liabilities with banks and other institutions - current and non current	687,945	0	0	0	687,945
Financing Fees - current and non current	(35,468)	0	0	0	(35,468)
Other financial liabilities - current and non current	92,390	92,356	0	0	34
Trade payables	33,710				
Total	**778,578**	**92,356**	**0**	**0**	**652,512**

EXPLANATIONS OF FINANCIAL INSTRUMENT CATEGORIES

FVTPL =	**Financial instruments measured at fair value through profit and loss**
LAR =	**Loans and Receivables**
AFS =	**Available-for-sale financial assets**
FLAC =	**Financial liabilities at amortised cost**

On account of the features of the financial assets and liabilities recorded in the financial statements and as shown by the above table, the fair value of many of these (current trade receivables and payables and current and non-current financial liabilities) do not differ from their related carrying amounts, with the exception of the Senior Notes and Senior Secured Notes for which the quoted prices at 31 December 2016 (€ 82,576 thousand and € 103,688 thousand, respectively) correspond to the best estimate of fair value at 31 December 2016.

Levels of fair value hierarchy

In relation to the financial instruments recorded in the balance sheet at fair value, IFRS 7 requires these amounts to be classified on the basis of levels of hierarchy that reflect the significance of the input used for the determination of fair value. The levels are the following:

- Level 1 – prices quoted by active markets for assets or liabilities being measured;
- Level 2 – inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;
- Level 3 – inputs not based on observable market data.

POSITION AT 31 DECEMBER 2016	Level 1	Level 2	Level 3	TOTAL
Assets				
Other Investments			335	**335**
Other financial assets		178		**178**
Total		**178**	**335**	**513**
Liabilities				
Vendor loan			92,356	**92,356**
Total			**92,356**	**92,356**

During the year there have been no significant transfers from one level to another of the fair value categories presented.

The vendor loan financial payable is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earnout agreements relating to various non-controlling interests in Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss; the impact recognised in the 2016 consolidated statement of profit or loss arising from the change in the fair value measurement of the vendor loan amounts to a decrease in its measurement of approximately € 11 thousand and an increase in its measurement of approximately € 6,320, whereas an amount of € 1,643 thousand was recognised as Other IFRS financial charges (see Note 8 Finance Income, Note 9 Finance Costs and Note 18 Net Cash/Debt).

Note that the discount rate applied for the measurement of the vendor loan at 31 December 2016 is that adopted for the performance of Group impairment tests at 31 December 2016, that is, the rate that equates to the cost of debt (gross of the tax effect) of 5.52% at 31 December 2016. This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. In this regard, the Group has also performed analysis of the sensitivity of the carrying amount of the vendor loan to interest rates applied. The results of this analysis are set out in the table below.

Vendor loan Sensitivity - 2016 Cost of Debt - gross of tax	4.52%	5.02%	5.52%	6.02%	6.52%
Vendor loan	94,689	93,505	**92,355**	91,239	90,154

29. GUARANTEES PROVIDED, COMMITMENTS AND OTHER CONTINGENT ASSETS AND LIABILITIES

Guarantees Provided

Set out below are details of the collateral provided in connection with the revolving credit facility at 31 December 2016 (Note 18):

- Pledge over 100% of the shares of TeamSystem S.p.A. held by TeamSystem Holding S.p.A.;
- Assignment as collateral of the intercompany receivable due to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;
- Pledge over 100% of the shares of Gruppo Euroconference S.p.A. held by TeamSystem S.p.A. (subject to the consent of the non-controlling interest holders that could be requested prior to or on the Reimbursement Date);
- Pledge over 100% of the shares of TSS S.p.A. held by TeamSystem S.p.A.;
- Pledge over industrial property rights of TeamSystem S.p.A.;
- Special lien granted by TeamSystem S.p.A;
- Assignment as collateral of the intercompany receivables due to TeamSystem S.p.A. by its subsidiaries;
- Pledge over the quotas of ACG S.r.l. held by TeamSystem S.p.A.;

At 31 December 2016, collateral had been granted for the revolving credit facility by TeamSystem Holding S.p.A. and TeamSystem S.p.A.

The main elements of the collateral provided in connection with the Senior Secured Notes (Note 18) at 31 December 2016 are:

- Pledge over 100% of the shares of TeamSystem S.p.A. held by TeamSystem Holding S.p.A.;
- Assignment as collateral of the intercompany receivable due to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;
- Assignment as collateral of TeamSystem S.p.A.'s rights arising from the purchase agreement dated 7 December 2015 in connection with the Acquisition.

At 31 December 2016, collateral had been granted for the Senior Secured Notes by TeamSystem Holding S.p.A. and TeamSystem S.p.A.

The main elements of the collateral provided in connection with the Senior Notes (Note 18) at 31 December 2016 are:

- Pledge over the shares of TeamSystem Holding S.p.A.;
- Pledge over the shares of TeamSystem S.p.A.;
- TeamSystem Holding S.p.A.'s rights in connection with certain intercompany receivables due to TeamSystem Holding S.p.A. by TeamSystem S.p.A.

At 31 December 2016, collateral had been granted for the Senior Notes by H&F Barolo Lux 1 S.à.r.l. and TeamSystem S.p.A.

Other significant commitments and contractual rights

The Group companies are party to put and call option agreements in connection with shares/quotas held by non-controlling interest holders in the following companies and for the percentage interests as indicated below:

Put / Call Options Outstanding	31 Dec 2016
Metodo S.p.A.	10.00%
Inforyou S.r.l.	15.00%
TeamSystem Communication S.r.l.	40.00%
Danea Soft S.r.l.	49.00%
Madbit Entertainment S.r.l.	49.00%
Euresys S.r.l.	40.00%
Aliaslab S.p.A.	49.00%
Mondora S.r.l.	49.00%

The exercise price of these options will be determined based on normalised earnings parameters for the companies in question to which will be added the average (or actual) financial indebtedness for the period in which the put options may be exercised. The best estimate of the net present value of future disbursements has been recognised in the financial statements (Note 18) while the best estimate of future disbursements (by financial year) is indicated in the table shown in Note 29 – Liquidity risk – analysis of financial liabilities by due date of cash outflows.

Operating and property lease arrangements

Euro Million POSITION AT 31 DECEMBER 2016	within 1 year	within 2 - 4 years	over 5 years	Total
Leases for operational premises	3.4	7.5	6.6	**17.5**
Leases for motor cars	3.1	3.9	0	**7.0**
Total	**6.5**	**11.4**	**6.6**	**24.5**

The Group companies are party to operating lease agreements mainly for the use of motor cars. The amount of outstanding instalments for these operating leases at 31 December 2016 was approximately € 7.0 million.

Most of TeamSystem Group's operational premises are held under property leases. Outstanding instalments for these operational premises at 31 December 2016 amounted to approximately € 17.5 million.

Other commitments and contingent assets/liabilities

The Group companies, in the performance of their activities, are exposed to a series of legal, tax and other risks. These risks relate to ongoing legal disputes (the outcome of which cannot be forecast with certainty) or claims made

against Group companies for the recovery of damages suffered by third parties. An adverse outcome of these proceedings could lead to the payment of costs not covered (or not fully covered) by insurance with a consequent impact on the financial position.
The Group, in accordance with opinions provided by its legal advisers, has made specific provision as part of the provision for risks and charges (Note 25) for litigation for which it is believed that a disbursement of resources is probable and for which the amount is capable of being reliably estimated. Based on the information available, there are no further potentially significant contingent liabilities that could lead to significant disbursements for the Group.

30. IFRS 12 SUMMARISED FINANCIAL DISCLOSURE ON INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES WITH MATERIAL NON-CONTROLLING INTERESTS

Investments in associates

As required by IFRS 12, additional information concerning Investments in associates is provided in the table set out below.

INVESTMENTS IN ASSOCIATES	Registered office	% held	(**) ASSETS	(**) LIABILITIES	(**) EQUITY	(**) REVENUE	(**) PROFIT (LOSS) FOR THE YEAR
Mondoesa Emilia S.r.l.	Parma	40.00	2,451	2,346	105	3,607	(45)
Mondoesa Lazio S.r.l.	Frosinone	35.00	1,399	1,105	294	2,175	19
Mondoesa Milano Nordovest S.r.l.	Milan	49.00	1,782	1,740	42	3,008	(8)
Cesaco S.r.l.	Vicenza	48.00	427	251	176	613	9
Aldebra S.p.A.	Trento	17.65	12,402	10,960	1,442	25,017	(183)

(**) = figures updated to 31 December 2015 financial statements

Investments in Consolidated subsidiaries - material non-controlling interests

As required by IFRS 12, a summary is provided below of information concerning the Group's subsidiaries with material non-controlling interests. The amounts shown in the following table are before intercompany eliminations and consolidation entries. Note that the percentage holding in the subsidiaries is the actual percentage held by the Group at the reporting date, without taking account of the impact of vendor loan agreements entered into by the Group (further details are provided in the paragraphs on "Scope of consolidation" and on "Basis of consolidation").

Euro thousands METODO	METODO -------- 31 Dec 2016	METODO -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	10	10	0.00
Total Current Assets	7,639	7,180	459
Total Non Current Assets	502	230	272
Total Current Liabilities	1,328	1,382	(54)
Total Non Current Liabilities	786	667	119
Total Equity	6,027	5,361	666
Total Equity attributable to non controlling interests	603	536	67
Total Revenue	6,843	6,405	438
Operating Result	1,994	1,490	504
Profit (Loss) for the year	1,266	1,104	162
Profit (Loss) for the year - Non controlling Interests	127	110	16

Euro thousands INFORYOU	INFORYOU -------- 31 Dec 2016	INFORYOU -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	15	25	-10.00
Total Current Assets	4,044	3,423	621
Total Non Current Assets	1,544	103	1,441
Total Current Liabilities	2,369	572	1,797
Total Non Current Liabilities	80	66	14
Total Equity	3,139	2,888	251
Total Equity attributable to non controlling interests	471	722	(251)
Total Revenue	4,695	3,566	1,130
Operating Result	992	1,282	(291)
Profit (Loss) for the year	651	878	(228)
Profit (Loss) for the year - Non controlling Interests	98	220	(122)

Euro thousands TEAMSYSTEM COMMUNICATION	TEAMSYSTEM COMMUNICATION --------- 31 Dec 2016	TEAMSYSTEM COMMUNICATION --------- 31 Dec 2015	Change
% Held by Non Controlling Interests	40	40	0.00
Total Current Assets	(399)	1,457	(1,857)
Total Non Current Assets	1,245	1,187	58
Total Current Liabilities	630	2,461	(1,831)
Total Non Current Liabilities	192	158	35
Total Equity	23	26	(2)
Total Equity attributable to non controlling interests	9	10	(1)
Total Revenue	2,346	2,080	266
Operating Result	76	84	(8)
Profit (Loss) for the year	(2)	2	(5)
Profit (Loss) for the year - Non controlling Interests	(1)	1	(2)

Euro thousands DANEA SOFT	DANEA SOFT --------- 31 Dec 2016	DANEA SOFT --------- 31 Dec 2015	Change
% Held by Non Controlling Interests	49	49	0.00
Total Current Assets	3,286	4,553	(1,268)
Total Non Current Assets	5,454	1,494	3,960
Total Current Liabilities	4,664	2,792	1,872
Total Non Current Liabilities	180	141	39
Total Equity	3,896	3,114	782
Total Equity attributable to non controlling interests	1,909	1,526	383
Total Revenue	6,170	5,614	555
Operating Result	3,701	2,536	1,165
Profit (Loss) for the year	2,522	1,742	780
Profit (Loss) for the year - Non controlling Interests	1,236	853	382

Euro thousands MADBIT	MADBIT --------- 31 Dec 2016	MADBIT --------- 31 Dec 2015	Change
% Held by Non Controlling Interests	49	49	0.00
Total Current Assets	846	457	389
Total Non Current Assets	7	6	1
Total Current Liabilities	639	336	304
Total Non Current Liabilities	10	2	7
Total Equity	204	125	79
Total Equity attributable to non controlling interests	100	61	39
Total Revenue	861	365	497
Operating Result	134	90	44
Profit (Loss) for the year	79	55	24
Profit (Loss) for the year - Non controlling Interests	39	27	12

Euro thousands GRUPPO EUROCONFERENCE	GRUPPO EUROCONFERENCE --------- 31 Dec 2016	GRUPPO EUROCONFERENCE --------- 31 Dec 2015	Change
% Held by Non Controlling Interests	3.13	3.27	-0.14
Total Current Assets	15,052	13,786	1,267
Total Non Current Assets	1,441	1,187	254
Total Current Liabilities	6,790	6,308	482
Total Non Current Liabilities	529	366	163
Total Equity	9,175	8,299	876
Total Equity attributable to non controlling interests	287	271	16
Total Revenue	11,020	10,417	604
Operating Result	2,326	2,293	33
Profit (Loss) for the year	1,676	1,653	23
Profit (Loss) for the year - Non controlling Interests	52	54	(2)

Euro thousands MONDORA	MONDORA -------- 31 Dec 2016	MONDORA -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	49	n.a.	n.a.
Total Current Assets	1,818	492	1,326
Total Non Current Assets	250	461	(210)
Total Current Liabilities	712	351	362
Total Non Current Liabilities	149	143	7
Total Equity	1,207	459	748
Total Equity attributable to non controlling interests	591	n.a.	n.a.
Total Revenue	2,921	1,480	1,441
Operating Result	1,090	62	1,028
Profit (Loss) for the year	748	34	713
Profit (Loss) for the year - Non controlling Interests	366	n.a.	n.a.

Euro thousands ALIASLAB	ALIASLAB -------- 31 Dec 2016	ALIASLAB -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	49	n.a.	n.a.
Total Current Assets	8,240	12,263	(4,022)
Total Non Current Assets	1,432	1,457	(25)
Total Current Liabilities	2,776	3,618	(843)
Total Non Current Liabilities	443	587	(143)
Total Equity	6,453	9,515	(3,062)
Total Equity attributable to non controlling interests	3,162	n.a.	n.a.
Total Revenue	12,846	13,066	(220)
Operating Result	8,543	6,022	2,522
Profit (Loss) for the year	6,264	4,146	2,118
Profit (Loss) for the year - Non controlling Interests	3,069	n.a.	n.a.

Euro thousands ELAIDE	ELAIDE -------- 31 Dec 2016	ELAIDE -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	49	n.a.	n.a.
Total Current Assets	719	846	(127)
Total Non Current Assets	11	27	(17)
Total Current Liabilities	329	263	66
Total Non Current Liabilities	79	66	13
Total Equity	321	544	(222)
Total Equity attributable to non controlling interests	157	n.a.	n.a.
Total Revenue	914	922	(8)
Operating Result	195	174	22
Profit (Loss) for the year	128	55	73
Profit (Loss) for the year - Non controlling Interests	62	n.a.	n.a.

Euro thousands NUOVAMACUT NORD OVEST	NUOVAMACUT NORD OVEST -------- 31 Dec 2016	NUOVAMACUT NORD OVEST -------- 31 Dec 2015	Change
% Held by Non Controlling Interests	13.66	13.66	0.00
Total Current Assets	15,041	13,111	1,931
Total Non Current Assets	78	116	(38)
Total Current Liabilities	11,956	10,839	1,118
Total Non Current Liabilities	523	450	73
Total Equity	2,641	1,938	703
Total Equity attributable to non controlling interests	361	265	96
Total Revenue	12,304	10,977	1,327
Operating Result	2,192	1,579	613
Profit (Loss) for the year	1,488	1,046	442
Profit (Loss) for the year - Non controlling Interests	203	143	60

Euro thousands NUOVAMACUT CENTRO SUD	NUOVAMACUT CENTRO SUD --------- 31 Dec 2016	NUOVAMACUT CENTRO SUD --------- 31 Dec 2015	Change
% Held by Non Controlling Interests	30	30	0.00
Total Current Assets	1,634	1,430	203
Total Non Current Assets	18	14	3
Total Current Liabilities	1,195	1,135	60
Total Non Current Liabilities	58	49	9
Total Equity	399	261	138
Total Equity attributable to non controlling interests	120	78	41
Total Revenue	1,660	1,291	369
Operating Result	364	220	145
Profit (Loss) for the year	238	137	102
Profit (Loss) for the year - Non controlling Interests	71	41	30

31. RELATED PARTY TRANSACTIONS, BOARD OF DIRECTORS, STATUTORY AUDITORS AND TOP MANAGEMENT

Remuneration

As required by IAS 24, the table below shows the amounts due for year 2016 to the members of the Board of Directors, to the members of the Board of Statutory Auditors and to the Group's Top Management.

	31 Dec 2016
Directors	
Statutory Auditors	18
Top Management	4,155
Total emoluments	**4,173**

As previously indicated in these notes, on 1 March 2016, TeamSystem Group was acquired by private equity funds advised by Hellman & Friedman. Following this transaction, middle and senior Management of TeamSystem holds a 3.57% interest therein, with applicable conditions similar to those applicable to the Group's other shareholders.

Receivables, payables, revenue and costs arising from transactions with Barolo Lux 1 S.à.r.l.

The table below summarises the balances at 31 December 2016 and transactions in the year then ended with the parent company Barolo Lux 1 S.à.r.l.

PARENT COMPANY	Trade payables	Other payables	Financial payables	Financial receivables	31 Dec 2016
Barolo Lux 1 S.à.r.l.				675	675
Total				675	675

PARENT COMPANY	Total Revenues	Non recurring revenues	Finance income	31 Dec 2016
Barolo Lux 1 S.à.r.l.			35	35
Total			35	35

Associates

A summary is provided below of balances at 31 December 2016 with associated companies and transactions therewith in the year then ended.

	Trade and Other receivables	Financial receivables	31 Dec 2016	Trade and Other payables	Financial liabilities	31 Dec 2016
INVESTMENTS IN ASSOCIATES						
Mondoesa Emilia S.r.l.	19		**19**	40		**40**
Mondoesa Lazio S.r.l.	14		**14**	46		**46**
Mondoesa Milano Nordovest S.r.l.	104		**104**	5		**5**
Cesaco S.r.l.			**0**	51		**51**
Aldebra S.p.A.	2		**2**			**0**
Total	**139**	**0**	**139**	**142**	**0**	**142**

	Total Revenues	Non recurring revenues	Finance income	31 Dec 2016
INVESTMENTS IN ASSOCIATES				
Mondoesa Emilia S.r.l.	874			**874**
Mondoesa Lazio S.r.l.	268			**268**
Mondoesa Milano Nordovest S.r.l.	874			**874**
Cesaco S.r.l.	22			**22**
Aldebra S.p.A.	408			**408**
Total	**2,446**	**0**	**0**	**2,446**

	Operating costs	Other provisions	Non recurring expenses	Finance cost	Income taxes	31 Dec 2016
INVESTMENTS IN ASSOCIATES						
Mondoesa Emilia S.r.l.	127					**127**
Mondoesa Lazio S.r.l.	236					**236**
Mondoesa Milano Nordovest S.r.l.	8					**8**
Cesaco S.r.l.	158					**158**
Aldebra S.p.A.	0					**0**
Total	**529**	**0**	**0**	**0**	**0**	**529**

Related companies

TeamSystem Group has not been party to any transactions with related companies that are worth disclosing, other than those previously commented upon.

32. INDEPENDENT AUDITORS

In addition to the above information, note that fees payable to Deloitte & Touche S.p.A. as independent auditors, recognised by the Group in profit or loss in 2016 for the audit of the financial statements, amounted to approximately € 227 thousand.

33. OVERSIGHT AND COORDINATION ACTIVITY

TeamSystem Holding S.p.A. is subject to management and coordination, in accordance with article 2497 et seq. of the Italian Civil Code, by Barolo Lux 1 S.à.r.l.
The financial statements of Barolo Lux 1 S.à.r.l. for the year ended 31 December 2015 are set out below.

Barolo Lux 1 S.à.r.l.
Balance sheet as at 31 December 2015

(expressed in Euro)

ASSETS	31 Dec 2015
Financial Fixed assets	50,000
Other Current assets	53
Cash and bank balances	9,656
Total Assets	**59,709**

(expressed in Euro)

LIABILITIES	31 Dec 2015
Capital and Reserves	12,500
Profit (Loss) for the financial year	(27,011)
Trade payable	21,010
Tax liabilities	3,210
Other current liabilities	50,000
Total liabilities	**59,709**

(expressed in Euro)

PROFIT AND LOSS ACCOUNT	31 Dec 2015
CHARGES	
Other external charges	23,801
Income tax	3,210
TOTAL CHARGES	27,011
INCOME	
TOTAL INCOME	

34. SUBSEQUENT EVENTS

Funding of € 20 / million loan from Barolo socio Lux 1 S.A.R.L.
On February 22, 2017, the Barolo Lux 1 S.A.R.L. has provided a loan of € 20 /million, functional to make more flexible the financial sources available to the Group. The loan is interest bearing and is repayable in variable interest rates determined on the basis of the "Euro Currency Rate" plus a spread of 4 percentage points.
The repayment of the expiration three months disbursement indicated above, is free and can be done with a notice of four days communicated to the financing partner.

Acquisition of Evols S.r.l.
On 9 March 2017, TeamSystem acquired a controlling interest of 51% in Evols S.r.l., a company specialised in management software solutions for hotels and tourism operators, with revenue for 2016 of approximately € 3.6 million. The transaction has made it possible to enter into the hospitality software segment by leveraging state of the art Evols solutions, already integrated into POLYEDRO.

Sesto San Giovanni, 18 April 2017

On behalf of the Board of Directors of
TeamSystem Holding S.p.A.
Managing Director
Federico Leproux

TEAMSYSTEM HOLDING S.P.A. – Società con Unico Socio

Sede legale a Pesaro – Via S. Pertini n. 88

Capitale sociale Euro 5.450.000,00 i.v.

* * * *

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEI SOCI AI SENSI DELL'ART. 2429, co. 2, c.c.

All'Azionista unico,

In via del tutto preliminare, si dà atto che il presente Collegio sindacale è stato nominato dall'assemblea degli Azionisti di TeamSystem Holding S.p.A. (già Barolo Midco S.p.a. e, di seguito, la "Società") in data 2 dicembre 2016. Pertanto, per tutta l'attività svolta relativamente al periodo precedente, a partire dal 1 gennaio 2015 e fino alla data della nomina dell'attuale organo di controllo, si è preso atto delle risultanze dell'attività svolta dal precedente Collegio sindacale.

L'incarico di revisione legale dei conti della Società è stato affidato alla società di revisione Deloitte & Touche S.p.a..

La nostra attività è stata quindi ispirata alle disposizioni di legge e alle *Norme di comportamento del Collegio sindacale emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.*

- **Attività di vigilanza**

A partire dalla data della nostra nomina, abbiamo partecipato all'attività degli organi sociali rispetto alla quale, in relazione alle operazioni deliberate e sulla base delle informazioni acquisite, non sono state riscontrate violazioni della legge e dello statuto, né operazioni manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o tali da compromettere l'integrità del patrimonio sociale.

Abbiamo acquisito dagli Amministratori le informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla Società.

Diamo atto che in data 6 ottobre 2016, è stata perfezionata l'operazione di fusione inversa ex art. 2501-bis, c.c., tra TeamSystem S.p.A. (incorporante), TeamSystem Holding S.p.A. (incorporata) e Barolo Bidco S.p.A. (incorporata), con effetti contabili e fiscali retrodatati alla data dell'1 marzo 2016, data in cui Barolo Bidco S.p.A. aveva acquisito la proprietà del Gruppo TeamSystem. A seguito della fusione, Barolo Midco S.p.A., è quindi divenuta la nuova controllante ed holding del Gruppo TeamSystem ed ha altresì modificato la propria denominazione sociale nella attuale TeamSystem Holding S.p.A..

Come dettagliatamente riportato nelle Note al Bilancio d'esercizio e nella Relazione sulla gestione, in data 1 marzo 2016 i fondi di *private equity* Hellman & Friedman hanno acquisito il controllo del Gruppo Teamsystem.

Sulla base delle informazioni raccolte, possiamo riferire che tali fatti di rilievo e gli effetti che dai medesimi ne sono derivati trovano idonea espressione informativa nei documenti del Bilancio d'esercizio e del Bilancio consolidato della Società, e quindi nella Relazione sulla gestione che accompagna il Bilancio consolidato al 31 dicembre 2016.

Abbiamo acquisito informazioni dal Revisore legale dei conti e, da quanto da esso riferito, non sono emersi ulteriori dati ed informazioni rilevanti che debbano essere evidenziati nella presente Relazione.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento dell'assetto organizzativo della Società, tenuto conto dell'attività svolta dalla Società, ed anche tramite la raccolta di informazioni dai responsabili delle funzioni, ed a tale riguardo non abbiamo osservazioni particolari da riferire.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, tenuto conto dell'attività svolta dalla Società, ed anche mediante l'ottenimento di informazioni dai responsabili delle funzioni, dal soggetto incaricato della revisione legale dei conti e con l'esame a campione di alcuni documenti aziendali, ed a tale riguardo non abbiamo osservazioni particolari da riferire.

Non sono pervenute denunzie ex art. 2408 c.c..

A partire dalla propria nomina, non sono stati rilasciati dal Collegio sindacale pareri previsti dalla legge, fatta esclusione della proposta motivata riferita all'affidamento dell'incarico di revisione legale dei conti a Deloitte & Touche S.p.a..

Nello svolgimento dell'attività di vigilanza, come sopra descritta, non sono emersi altri fatti significativi tali da richiederne la menzione nella presente Relazione.

- **Bilancio d'esercizio**

Abbiamo esaminato il progetto di bilancio d'esercizio chiuso al 31 dicembre 2016 ed anche preso visione del Bilancio consolidato al 31 dicembre 2016 e possiamo al riguardo riferire quanto segue.

Diamo preliminarmente atto di aver rinunciato al termine disposto dall'art. 2429, co. 1, c.c., per la preventiva comunicazione del fascicolo di bilancio d'esercizio da parte degli amministratori.

Non essendo a noi demandata la revisione legale del bilancio, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura. Osserviamo che, ricorrendo le condizioni di legge, il bilancio d'esercizio al 31 dicembre 2016 è stato predisposto adottando i principi contabili italiani ed in forma abbreviata; il bilancio consolidato al 31 dicembre 2016 è stato invece redatto adottando i Principi contabili internazionali Ias

/ Ifrs ed è accompagnato dalla Relazione sulla gestione predisposta dagli Amministratori.

Abbiamo verificato l'osservanza delle norme di legge inerenti alla predisposizione della Relazione sulla gestione al bilancio consolidato, ed a tale riguardo non abbiamo osservazioni particolari da riferire.

Per quanto a nostra conoscenza, gli Amministratori, nella redazione del bilancio d'esercizio al 31 dicembre 2016, non hanno derogato alle norme di legge ai sensi dell'art. 2423, comma 4, c.c..

Ai sensi dell'art. 2426, n. 6, c.c., abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello stato patrimoniale del bilancio d'esercizio di costi di impianto e ampliamento per Euro/000 11.

- **Conclusioni**

Considerando anche le risultanze dell'attività svolta dal soggetto incaricato della revisione legale dei conti contenute nella relazione di revisione del bilancio d'esercizio e del bilancio consolidato, il Collegio sindacale non rileva motivi che possano ostare all'approvazione da parte dell'Assembla degli Azionisti del bilancio d'esercizio chiuso il 31 dicembre 2016, così come redatto dagli amministratori, né formula obiezioni in merito alla proposta di deliberazione presentata dal Consiglio di amministrazione per la destinazione del risultato d'esercizio.

Il Collegio sindacale approva all'unanimità.

Pesaro, lì 28 aprile 2017

Il Collegio Sindacale

Dott. Claudio Sanchioni (Presidente)

Dott.ssa Nicole Magnifico (Sindaco effettivo)

Dott. Fabio Landuzzi (Sindaco effettivo)

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
TeamSystem Holding S.p.A. (formerly Barolo Midco S.p.A.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries (the "TeamSystem Group"), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the TeamSystem Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Deloitte.

Emphasis of matter

We draw attention to the paragraph of the explanatory notes "Acquisition of the previous TeamSystem Group by private equity funds advised by Hellman & Friedman", which describes the acquisition carried out during 2016, through the vehicle Barolo Bidco S.p.A., by Barolo Midco S.p.A., subsequently renamed TeamSystem Holding S.p.A..
The effects of this transaction are described by the Directors in the explanatory notes to the consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries at December 31, 2016. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of TeamSystem Holding S.p.A., with the consolidated financial statements of the TeamSystem Group as at December 31, 2016. In our opinion, the report on operations is consistent with the consolidated financial statements of the TeamSystem Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
Partner

Ancona, Italy
April 28, 2017

This report has been translated into the English language solely for the convenience of international readers.