TAS S.p.A.

Consolidated Financial Statements and Annual Financial Statements at 31 December 2017

COMPANY SUBJECT TO THE MANAGEMENT AND COORDINATION OF OWL S.p.A.

INDEX

CONSOLIDATED FINANCIAL STATEMENTS OF TAS GROUP

FINANCIAL STATEMENTS OF TAS S.P.A.

CORPORATE BODIES

Board of Directors
expiry: on the approval of the Financial Statements at 31 December 2019

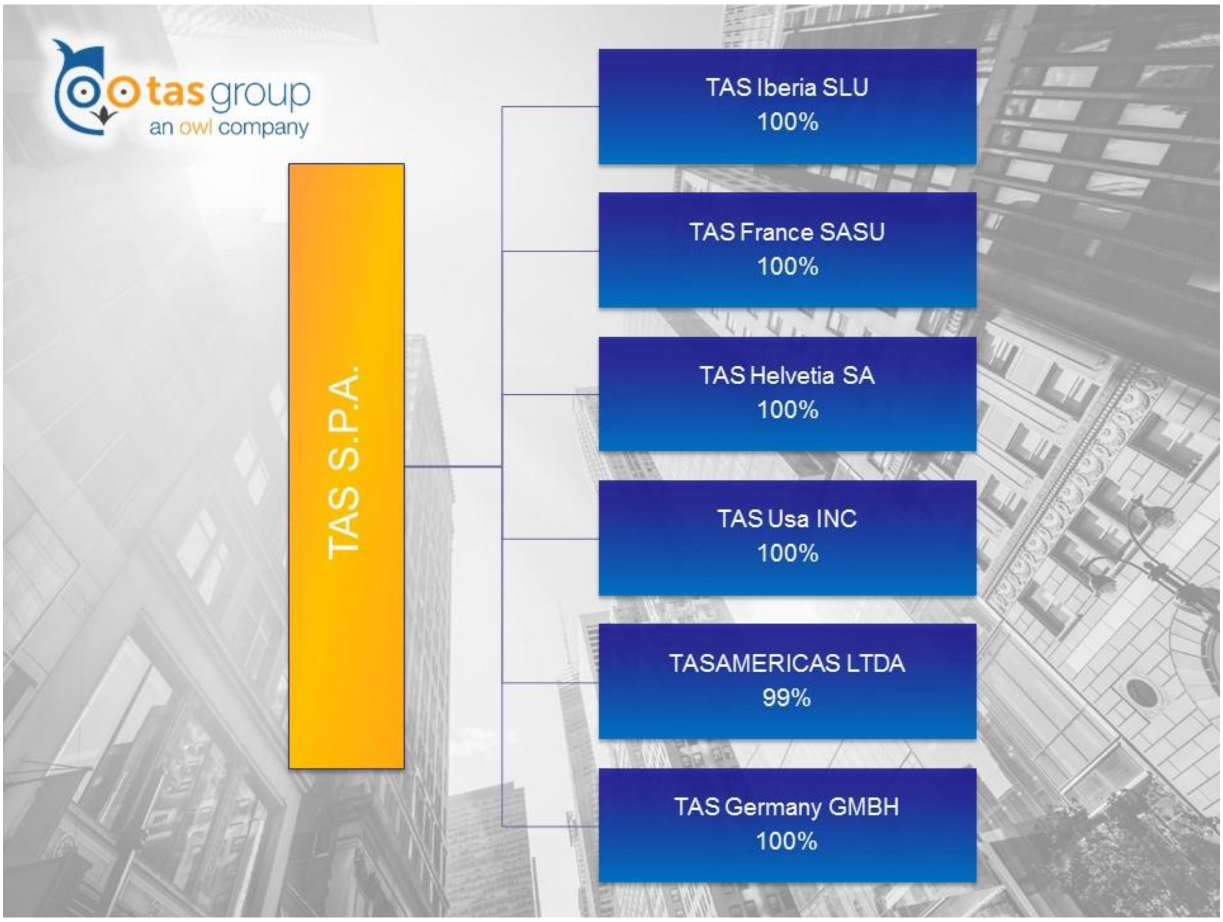
Dario Pardi	1	Chairman
Valentino Bravi	1	Chief Executive Officer
Carlo Felice Maggi	1	Vice Chairman and Non-executive Director
Nicolò Locatelli	1	Non-executive Director
Martino, Maurizio Pimpinella	1,2,4	Independent non-executive director
Ambrosella Ilaria Landonio	1,3,4	Independent non-executive director
Carlotta De Franceschi	1,2,4	Independent non-executive director
Giancarlo Maria Albini	1,2,3	Independent non-executive director
Roberta Viglione	1,3	Independent non-executive director

Board of Statutory Auditors
expiry: on the approval of the Financial Statements at 31 December 2019

Statutory Auditors		
Antonio Mele		Chairman
Silvano Crescini		
Claudia Sgualdino		
Alternate Auditors		
Sonia Ferrero		
Gian Luca Succi		
Auditing Firm		Deloitte & Touche S.p.A.
Share capital	€ 24,330,645.50[5]	Fully subscribed and paid-up
No. shares	83,536,898[5]	

1 Appointed on 26 April 2017 by the Shareholders' Meeting.
2 Member of the Remuneration Committee.
3 Member of the Control and Risks Committee.
4 Member of the Related Parties Committee.
5 Following the capital increase approved on 1 March 2017 by the Shareholders' Meeting and effective from 6 March 2017.

GROUP STRUCTURE



Ownership percentages as at 31 December 2017

INFORMATION ON TAS S.P.A.

TAS Group is a Group specialising in **software solutions for electronic money, payments, capital markets and ERP systems**. Listed on the Italian Online Stock Exchange ["Mercato Telematico Azionario"] since May 2000, TAS is the **market leader in Italy** for **card management systems, payment networks access and stock exchange order management**.

TAS Group (hereinafter the "Group") is the trade name identifying the **group of companies** comprising **TAS Tecnologia Avanzata dei Sistemi S.p.A**. (hereinafter "Tas", the "Company" or the "Parent Company") - controlled by **OWL S.p.A.** - and the companies in which it has an interest **TAS France E.U.R.L.** ("TAS France")**, TAS Helvetia S.A.** ("TAS Helvetia")**, TAS Iberia S.L.U.** ("TAS Iberia")**, TAS Germany GmbH** ("TAS Germany")**, TASamericas Ltda** ("TAS Americas") **and TAS USA Inc** ("TAS Usa")**.**

The TAS Group serves **the most important commercial and central banks in Italy and Europe, major organisations offering financial services and some of the main global brokers** present in the Fortune Global 500 classification.

Standing as a first level partner on **international markets**, the TAS Group operates through various subsidiaries.

Thanks to the diversification path followed in recent years, the solutions of the TAS Group have been adopted by **Public Administrations** (Ministries, Regions and other local Entities) and by **non-banking companies** from many different sectors.

TAS is held for 81.091% (figure at the date of approval of these financial statements) by OWL S.p.A., a company indirectly controlled by Dario Pardi, who is also Chairman of the Board of Directors of TAS S.p.A. and by Valentino Bravi, Chief Executive Officer of the Company, by their respective family members and a group of investors.

Over 100 million cards managed at international level	A presence in 6 countries and more than 150 customers worldwide	The largest payment carrier in all Europe
Over 100 financial institutions in Italy manage securities using TAS solutions	ISO 9001 2015 compliance certificate	ERP solutions adopted by major service industries and PA entities

2017 was a year of significant growth for the TAS Group thanks to the positive market reaction to the Group's strategic relaunch.

The TAS Group remained the market leader in the T2S sector for the year that has just passed. During the **first quarter**, TAS signed Aquarius license contracts with leading foreign Banks **for**

the integrated management of securities, cash and collateral. From the perspective of T2S interconnection and messaging, the **TAS Network Gateway solution installed in the heart of the Central European Platform**, successfully met the challenge of scalability regarding the fourth migration wave to the new infrastructure, which was completed in February with the entry of Spain.

The contribution made to the development and dissemination of tools for the government's institutional roadmap was another source of pride for the TAS Group during the first quarter of 2017. Infocamere has in fact selected the **TAS solution for the network of Italian Chambers of Commerce, as the payment tool integrated with the SPC Payments Node - pagoPA**. With the help of TAS, Infocamere now acts and operates as a technology intermediary for the Chamber of Commerce network, by facilitating and accelerating the management processes for payments by the public, professionals and companies to the Public Administration.

There were also important milestones for the electronic money business unit. The *EasyClient* solution at the innovative **Cardless ATM of Monte dei Paschi di Siena** has made it possible **to draw cash without having an ATM card** in hand. The ATM channel has been further enhanced by the **TAS Group's** solution, recognising the account holder based on digital credentials selected by the customer when activating the Digital Banking service.

There was a marked acceleration during the **second quarter** in the third pillar of the Group's growth strategy: the *Digital SW Factory*. An **additional 8 units of specialist teams were introduced with strong structure digital and methodology expertise focusing on a** dual objective: on the one hand, improving and accelerating the capacity to deliver and develop **"product solutions"** for the TAS Group, and on the other, provide the market with a factory specialising in par excellence TAS **turnkey projects**: ***Digital Transformation*** in the *payments eco-system*.

The new projects for the **Aquarius** and **Orizzonte** solutions confirm the **TAS Group** as the leading Cash Management vendor for central and commercial banks, and with regard to the regulatory reporting required by MIFID II, EMIR and FINFRAG directives, with **Banco Sabadell** in Spain and **Julius Baer** in Switzerland, entrusting new projects to the TAS Group on the basis of their positive experiences with previous assignments.

Towards the end of the second quarter, the TAS Group further consolidated its partnership with **Oracle**, who chose the TAS Group for its ***Digital Innovation Platform***, based on the **Card 3.0** solutions of issuing and managing cards and the ***Network Gateway*** for connectivity to financial networks. The Oracle ***Digital Innovation Platform*** that is fully cloud-based, aims to provide financial operators with a competitive advantage, by exploiting the network of partners and the *enterprise best of breed* solutions for *Platform-as-a-Service* offers. Usage developments will therefore be started through the open-API of the Card3.0 and Network Gateway platforms for publication in the Oracle marketplace.

The **third quarter** was marked by considerable recognition for the TAS Group. The fraud management solution was recognised as an example of innovation and best practices by the European market. Having already been awarded the AIIP *Digital Innovation* prize in the summer, the positive experience from introducing predictive models for the fraud detection and prevention solutions introduced by the TAS Group for BancoPosta was analysed in a case study and published in August by OVUM, one of the leading global companies in the field of technology research and consulting. Based on the analysis, the report provides recommendations for all operators in the payments' market.

Another great result for the TAS Group during this quarter, is the affirmation of the POS management solution outside the country. *IPS International Payment Services Limited* announced that it had successfully obtained P2PE v2 certification for its technology infrastructure based on the TAS suite of products for the retail channel. The British company recently acquired by Valitor, one of the leading acquireres and issuers of Visa and Mastercards in Northern Europe, made a strategic choice to distinguish itself on the market, by adopting the highest security level currently available for the processing of cardholders' information. The certification crowns the success of the collaboration between IPS and the TAS Group that began in 2016 with the British operators decision to migrate its payment platform to the cashless 3.0® solution.

With the launch of the new Data Centre Tier4 in France at the end of the third quarter, the TAS Group confirms its commitment to maximum flexibility and scalability, as well as excellence in offering the best cloud and hosting services, with its latest proprietary infrastructure. The new *Sophia Antipolis* infrastructure covers 500 square metres and hosts 225 racks with sophisticated physical and logical security measures, and a highly evolved cooling system. The PCI DSS and ISO9001-2015 certifications for the hosting infrastructure guarantee the hosting and provision of *mission critical* services in the financial sector.

Finally, on 12 September 2017 an agreement was signed with the ICCREA Group to provide PayTAS solutions for payments to public and private entities. The choice of **TAS** as technology Partner, and the **TAS eGO** modules for interconnecting the member cooperative credit banks (BCC) and the entire client base to the **Payments Node**, paves the way for increased services and products, which according to the plan will be implemented and offered to the market by around forty BCCs already in 2017, and subsequently rolled out to all the banks in the Group during 2018.

The **fourth quarter** sees the TAS Group introducing a number of innovations. In collaboration with *MiFinity*, a significant electronic money company registered in Ireland, and already operating in the payments market in Europe and the USA, the TAS Group certifies its *cashless* 3.0® platform for *Issuing* on the Chinese UPI circuit, adding a multi-currency prepaid card to its portfolio of physical and virtual cards. Users can use this to load from their account currency either in pounds or euro, and then using this in renminbi, taking advantage of the extensive network accepting the UPI circuit in China and lower currency conversion rates, which are regulated directly at issuer level.

Another revolutionary innovation was presented in November at the Salone dei Pagamenti in Milan. The TAS Group and *Cointed GmbH*, an Austrian start-for the exchange of cryptocurrencies and leading supplier in Europe of ATM Multi-*Criptocurrency*, launched an innovative pre-paid *cryptocard* at the event that can be utilised in *white label* mode. The TAS Group enters the *cryptocurrency* sector to support PSPs wanting to build a *Fintech* offer that can transform their advent from perceived threats and create loyalty among customers, while taking advantage of the new opportunities created in the reference market. The market proposition is once again based on the capacity and flexibility of its *cashless* 3.0 platform.

The details in the paragraphs above are just a small selection of the TAS Group's many successes during the year, which can also be seen in the many news items to be found in our Media Room on the corporate website.

GROUP ACTIVITIES

TAS Tecnologia Avanzata dei Sistemi S.p.A. (the "Company" or "TAS") and its subsidiaries (hereinafter the 'Group' or the "TAS Group") operates in the IT sector with particular reference to the development and marketing of software applications and solutions, consulting, providing support and maintenance, and carrying out the ancillary activity of reselling third party software/hardware products.

For over thirty years, the Company is one of the leading operators on the Italian market and in the last ten years has been focusing on consolidating its position on the international electronic money sector (over 100 million cards managed via the following services: *Card Lifecycle Management*, *Acquiring channels and Terminal management*, *Authorization Systems*, *Fraud Management*, *EMV Solutions*), payment systems and access to inter-banking networks (with installations within the Eurosystem T2 and T2S infrastructures), in addition to trading and settlement on financial markets, including the aspects of compliance and liquidity management for bank treasuries.

In particular, the more recent TAS solutions include:

- the "cashless 3.0" platform, which is among the most innovative and comprehensive at world level for the issuing, authorisation and control of all kinds of physical and virtual cards, providing modular management of all issuing and acquiring process and fraud management;
- the *EasyBranch* suite solutions to guide the transformation of bank branches towards the future in Customer-Bank relations, by managing the entire ATM channel and creating a new generation of *customer journey* self-services for banking customers;
- the "Network Gateway 3.0" platform, which manages the decoupling between back-office applications and protocols for interfacing with market infrastructures, for the exchange and settlement of inter-banking transactions, including *Instant Payments*;
- management of B2C, B2B and B2G e-marketplaces, which extends to new smart devices and innovative projects:
    - Multichannel FVC portals for Payment Institutions,
    - e-Payment/e-Collection platforms,
    - Collaborative order-to-cash solutions;
- the *Loanbox* platform for Receivables Management leveraging the power of web and mobile channels by streamlining processes and providing competitive advantages to the customer;
- solutions for capital markets aimed especially at guaranteeing:
    - the monitoring and centralized and integrated management in real time of Cash and Collateral Securities;
    - Straight-through processing from trading to settlement;
    - *Regulatory Reporting and Trading Compliance;*
- the Extended Enterprise solutions for Corporate Clients, comprising proprietary or Partner solutions for the following sectors:

- Public Governance: a suite for managing performance management processes in the public administration, currently being used by important Italian PA offices;
- Services companies: a platform which offers full coverage of administrative-accounting issues, as well as core business processes (project management, billing, procurement) and that currently has a significant customer base in Italy;
- the international and national market: an offer based on the new social and collaborative user model, and implemented on the Oracle Fusion platform, using the leverage of the consolidated partnership with Oracle.

Application solutions developed by TAS for the market can be installed directly at the customer's base, or provided in Cloud and SaaS mode (*Software as a Service*) from the technology infrastructure managed by TAS.

The Company operates abroad through its subsidiaries TAS Helvetia, TAS France, TAS Iberia, TAS Americas, TAS Usa and TAS Germany.

TAS France, a French registered company is a data centre and internet service provider and telecom operator with extensive experience in the e-commerce sector and Housing & Hosting value added services. This traditional business was complemented by an active collaboration with TAS in the development of new financial software products, as well as the marketing of TAS products in France, Monaco, Belgium and Luxembourg. TAS France recently extended its offer with a significant investment, to create one of the most innovative Data Centres in France, with enormous development potential.

TAS Helvetia, a Swiss registered company, focuses primarily on technology solutions for the core activities of financial intermediaries, integrating these progressively with the existing non-core accounting or back office systems, to minimise the organisational and management impact. Furthermore, TAS Helvetia provides solutions for the granting and monitoring of credit, as well as mobile-banking applications. It also is responsible for distributing group or partner solutions in Switzerland.

TAS Iberia, a Spanish registered company, operates as the Group's EMV centre for payment cards with chips. In this respect, it provides standardised software solutions, customised software solutions, maintenance and outsourcing services. It supports and markets the Group's solutions throughout the Iberian peninsula and Spanish speaking countries, with special reference to payment networks, capital markets and more recently Cashless 3.0 for digital and mobile payments.

TAS Americas, a company incorporated under Brazilian law, intends to develop the local market leveraging its greater proximity to customers while streamlining existing TAS activities and investments in the South American market.

TAS Usa, a company incorporated under US law was established at the end of 2014, with the objective of driving the Parent Company's solutions on the North American market, in particular, offering prepaid cards and interconnection to payment circuits worldwide.

TAS Germany, a German-registered company, was established at the end of 2015 with the objective of driving the Parent Company's solutions on the German and East European market.

It should be noted that all subsidiaries have entered into specific agreements with the Parent Company aimed at the reciprocal marketing of products in their respective reference markets.

SCOPE OF CONSOLIDATION

Group companies are consolidated using the line-by-line consolidation method.
The companies held by the Group at 31 December 2017 and the relevant equity investments are detailed in the table below:

Company Name	Nationality	Share capital (€/000) at 31.12.2017	% Ownership 31.12.2017	% Ownership 31.12.2016	Net Equity (€/000) at 31.12.2017
TAS S.p.A.	Italy	24,330			29,658
TAS FRANCE SASU	France	500	100	100	1,427
TAS HELVETIA SA*	Switzerland	65	100	100	(448)
TAS IBERIA SLU	Spain	20	100	100	118
TAS AMERICAS LTDA	Brazil	365	99	99	173
TAS USA INC.	USA	16	100	100	1
TAS GERMANY GMBH	Germany	25	100	100	32

* It should be noted that the value of shareholders' equity includes Euro 813 thousand of negative reserve concerning the actuarial valuation of the pension plan.

Company Name	Registered office	Secondary Unit	% Share
TAS S.p.A. (Parent Company)	Via Cristoforo Colombo no.149, Rome – Italy	- Milan, Via Famagosta no. 75 Italy - Verona, Via Francia no. 21 Italy - Siena, Via Girolamo Gigli, no. 2 Italy - Parma, Via Colorno no. 63/a Italy - Casalecchio di Reno (BO), Via del Lavoro, 47 – Italy - Genoa, Via De Marini 1 Italy *	
TAS France Eurl	Route des Crêtes, Sophia Antipolis, France		100.00%
TAS Helvetia Sa	Via Serafino Balestra 22A Lugano Switzerland		100.00%
TAS Iberia SLU	Calle Santa Leonor, 61 Madrid Spain	- Plaza Ramon y Cayal 1, Cordoba Spain	100.00%
TAS Americas Ltda	Rua Haddock Lobo nº 585, 6º go conjunto 06, Cerqueria César 01414-001 - São Paulo - SP - Brazil		99.00%
TAS Usa Inc	One Liberty Plaza, 165 Broadway, 23rd floor New York, NY 10006 U.S.A.		100.00%
TAS Germany Gmbh	Geigerstrasse 6, 80689 Munich Germany		100.00%

* Following the purchase with an effective date of 1 March 2017 of the business unit called Digital Software Factory by Content Interface.

DIRECTORS' MANAGEMENT REPORT

INTRODUCTION

Dear Shareholders,

The report at 31 December 2017 that we are submitting for your approval forms an integral part of the TAS S.p.A.'s Consolidated Financial Statements at 31 December 2017 and contains references to the significant events that have occurred during the financial year and their impact on the Financial Statements and Consolidated Financial Statements, together with a description of the principal risks and uncertainties faced by TAS S.p.A. and the Group as a whole.
The Consolidated Financial Statements at 31 December 2017 were drawn up in accordance with the applicable International Accounting Standards adopted by the European Union under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the regulations issued to implement art. 9 of Italian Legislative Decree no. 38/2005, and in compliance with Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments.
In particular, the Consolidated Financial Statements follow the format required by international accounting standards (IAS/IFRS) as adopted by the European Union.
The amounts shown are in thousands of Euro. The corresponding figure for the same period last year is shown next to each figure in the Financial Statements, for comparison purposes.

In referring to what is stated hereby and in the notes to the financial statements for further details, we note that the financial statements submitted here include the effects of the operation to increase the share capital from Euro 14,330,645.50 to Euro 24,330,645.50, duly approved by the Shareholders' Meeting on 1 March 2017, with the issue of 41,768,449 ordinary shares of no nominal value, with the same characteristics as outstanding ordinary shares. The transaction took place on 6 March 2017, with the allocation to share capital of an equal amount taken from the "Free future share capital increase reserve" and with free allocation to shareholders, in the ratio of 1 (one) newly issued ordinary share to 1 (one) ordinary share owned.

GROUP RESULTS SUMMARY[1]

The following table summarises the key financial results of the Group at 31 December 2017:

TAS GROUP (in thousands of Euro)	31.12.2017	31.12.2016	Change	% change
Total revenue	**61,407**	**47,966**	**13,441**	**28.0%**
- of which core	*43,912*	*41,397*	*2,515*	*6.1%*
- of which resales	*16,463*	*4,677*	*11,786*	*>100.0%*
- of which non-typical	*1,032*	*1,892*	*(860)*	*(45.5%)*
Gross operating margin (EBITDA[2])	**4,605**	**3,585**	**1,020**	**28.5%**
% of total revenue	7.5%	7.5%	0.0%	*0.0%*
Operating result	**(931)**	**(2,470)**	**1,539**	**(62.3%)**
% of total revenue	(1.5%)	(5.1%)	3.6%	*(70.6%)*
Net profit/(loss) for the period	**(1,490)**	**(3,340)**	**1,850**	**(55.4%)**
% of total revenue	(2.4%)	(7.0%)	4.5%	*(65.2%)*

TAS GROUP (in thousands of Euro)	31.12.2017	31.12.2016	Change	% change
Total Assets	**71,090**	**58,503**	**12,587**	**21.5%**
Total net equity	**23,894**	**25,414**	**(1,520)**	**(6.0%)**
Net Equity attributable to parent company shareholders	**23,892**	**25,408**	**(1,516)**	**(6.0%)**
Net Financial Position[3]	**(2,307)**	**4,078**	**(6,385)**	**>(100.0%)**
- of which in respect of banks and other lenders	*(2,307)*	*4,078*	*(6,385)*	*>(100.0%)*

Employees at the end of the period (number)	**415**	**402**	**13**	**3.2%**
Employees (average for the period)	**409**	**397**	**12**	**2.9%**

The Group's total revenue amounted to Euro 61.4 million, up by 28% compared to Euro 48 million the previous year. Core revenues, consisting of software licenses and related maintenance (33.1%), royalties, usage and SAAS service fees (14.5%), support fees and professional services (43.6%) were up by 6.1%. Revenues increased mainly in Italy (+9.2%), Spain (+64.9%) and in France (+6.0%). Non-core revenue at 31 December 2016 also included non-recurring revenue for Euro 0.9 million. Normalising 2016 figures with the aforementioned non-recurring income, the increase in total revenue comes to +31%.

Ebitda for the period increased by 28.5% to Euro 4.6 million compared to Euro 3.6 million the previous year, impacting for 7.5% and 11% net of revenue and non-core margins. Growth is at 77.4%, when non-recurring revenue is deducted from the figure for the same period the previous year. The improvement mainly refers to the 32.3% increase in sales of user licenses. The nature of this revenue (with user and maintenance fees) has higher margins.

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[1] The European Securities and Markets Authority (ESMA) has published guidelines on Alternative Performance Measures ("API") for listed issuers. The APIs refer to measures used by management and investors to analyse Group trends and performance, which are not derived directly from the financial statements. These measures are important in helping management and investors to analyse the Group's performance. Investors should not consider these APIs as substitutes, but rather as supplements to the information included in the financial statements. Please note that the API, as defined, may not be comparable to similarly titled measures used by other companies.

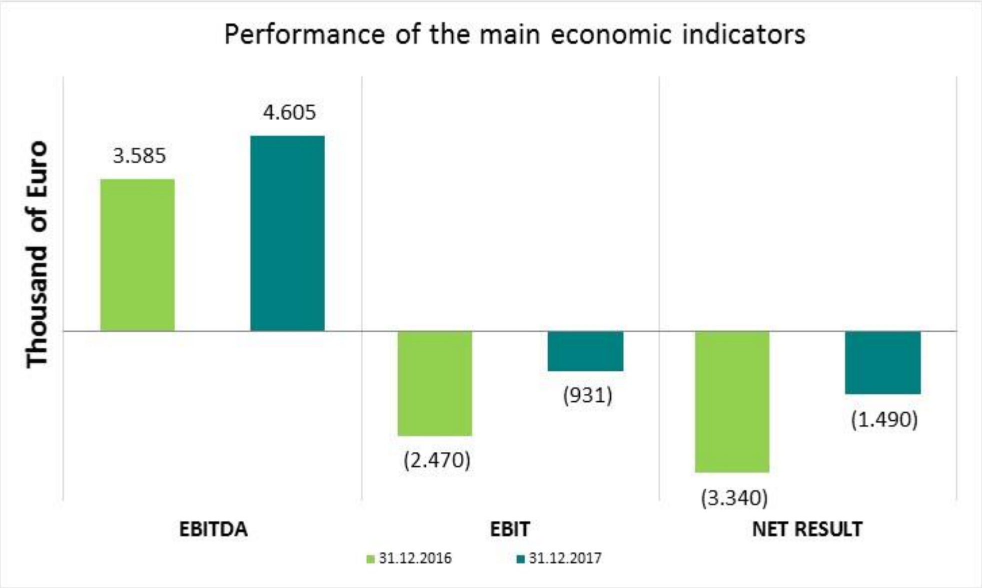
[2] EBITDA (Earning Before Interest Taxes Depreciations and Amortisations Gross Operating Margin) is an alternative performance indicator not defined by IFRS but used nonetheless by the company's management to monitor and evaluate operational performance, as this is not influenced by the volatility arising from different criteria in determining taxable income, the amount and nature of capital employed, and the relevant depreciation policies. This indicator is defined for TAS as Profit/(loss) before depreciation, gross of amortisation and write-downs, tangible and intangible assets, financial income and expenses, and taxes on income.

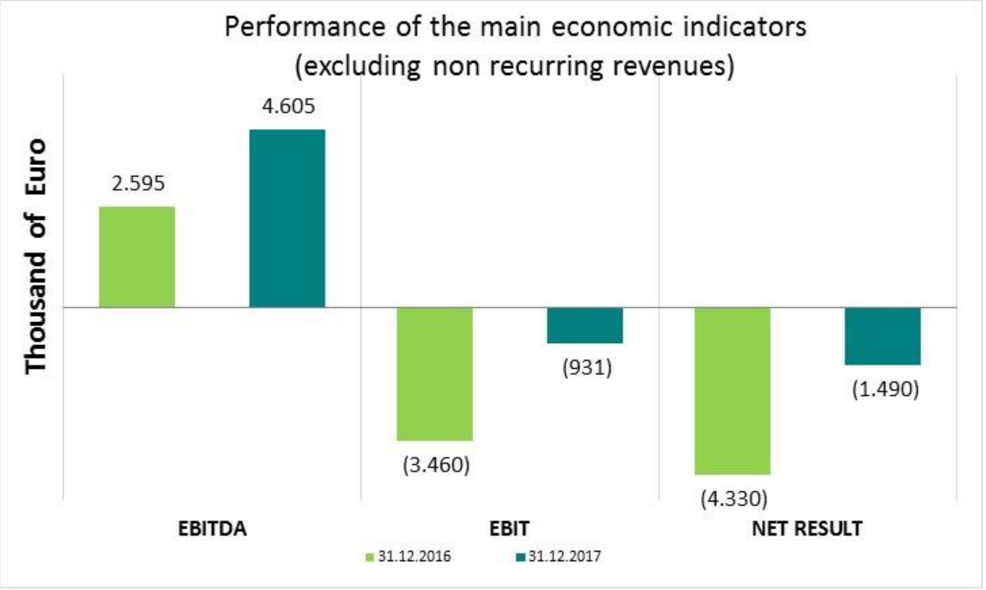
[3] API (Alternative Performance Indicator): the data shown differs from the value of the net financial position determined in accordance with CESR recommendations for non-current financial receivables.

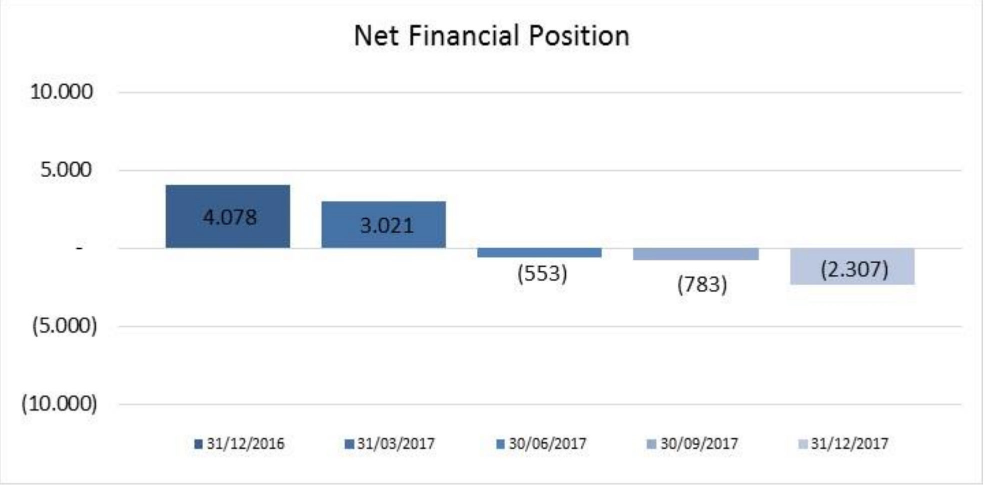
The **Operating profit** for the period that was impacted by amortisations and write-downs for a total 5.5 million Euro (amortisations and depreciations in 2016 stood at Euro 5.9 million) and write-downs for Euro 0.1 million, was negative for 1 million Euro, improving significantly compared to the negative Euro 2.5 million in 2016. Normalising 2016 figures with these result, the improvement is at 73.1%.

The **Net profit for the period** showed a loss that more than halved to Euro 1.5 million, compared to the loss of Euro 3.3 million in the previous period. Net of non-recurring revenue that had impacted in the previous period, the improvement would have equalled Euro 2.8 million (+65.6%).

The **Net financial position** was negative for Euro 2.3 million, compared to the positive Euro 4.1 million at 31 December 2016. This performance was the result of investments carried out in the period, such as the construction of the new Data Centre through the French subsidiary (TAS France) for Euro 1.9 million, the investments for two new offices for the Group in Casalecchio di Reno (Bo) and in Rome, and the projects to develop new products and software solutions across the core business areas for Euro 4.7 million.




Performance of the main economic indicators
(excluding non recurring revenues)
Thousand of Euro
2.595
4.605
(3.460)
(931)
(4.330)
(1.490)
EBITDA
EBIT
NET RESULT
31.12.2016
31.12.2017


Net Financial Position
10.000
5.000
-
(5.000)
(10.000)
4.078
3.021
(553)
(783)
(2.307)
31/12/2016
31/03/2017
30/06/2017
30/09/2017
31/12/2017


Total revenues
70.000
60.000
50.000
40.000
30.000
20.000
10.000
-
43.432
47.599
47.966
61.407
11.622
10.195
10.359
11.256
11.525
10.051
10.801
15.222
12.914
9.860
12.135
13.057
20.291
12.035
13.369
15.712
2014
2015
2016
2017
1st Quarter
2nd Quarter
3rd Quarter
4th Quarter

ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL DATA

An analysis of the main economic and financial data for 2017 is found below.

Total revenue

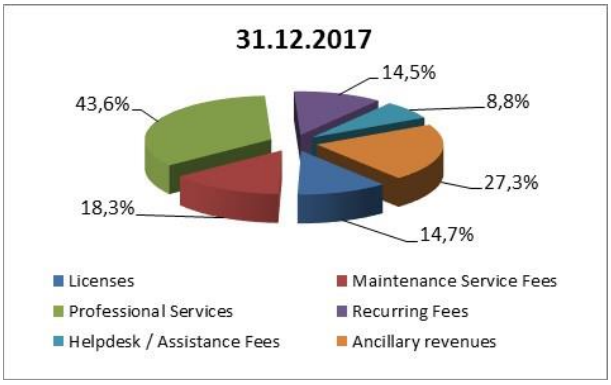
Revenue	31/12/2017	31/12/2016	Change	Change %
Revenue	59,502	45,493	14,009	30.8%
Work in progress	874	581	293	50.4%
Other revenue	1,031	1,892	(861)	(45.5%)
(of which non-recurring)	-	*990*	(990)	(100.0%)
TOTAL	**61,407**	**47,966**	**13,441**	**28.0%**

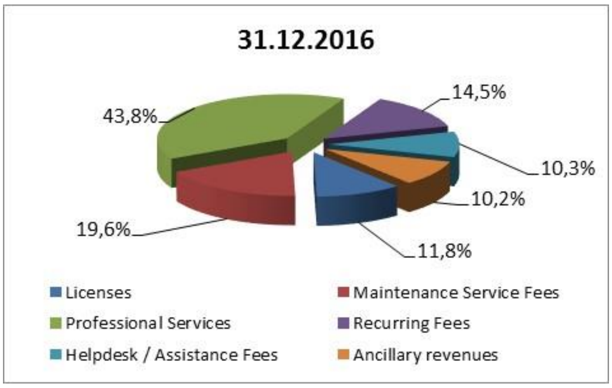
At 31 December 2017, the Group recorded *Total revenue* for Euro 61,407 thousand, compared to Euro 47,966 thousand for the previous year, broken down as follows:

- Euro 60,376 thousand made up of revenue from typical management (Euro 46,074 thousand in 2016);
- Euro 1,031 thousand made up of other non-typical revenue (Euro 1,892 thousand in 2016).

Other revenue referring to the previous year included non-recurring revenue for Euro 990 thousand referring to a contingent asset resulting from the favourable outcome of a dispute with one of the Company's suppliers.

Core revenue by type



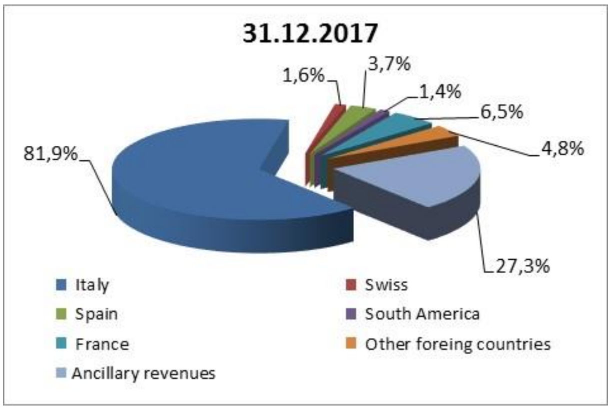


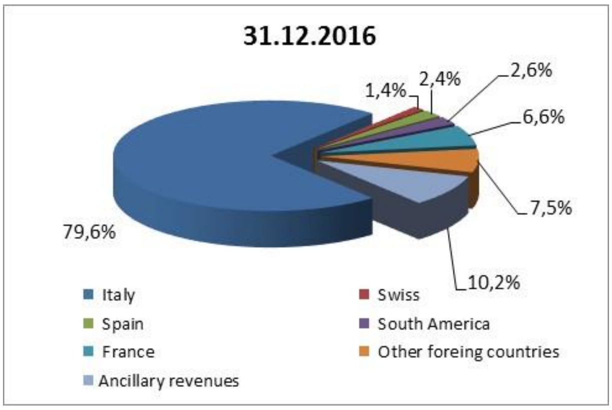
The details of revenue by type are reported below:

Revenue by type	31/12/2017	% impact	31/12/2016	% impact	Change	Change %
Core revenue	**43,913**	**72.7%**	**41,397**	**89.8%**	**2,516**	**6.1%**
- Licenses	6,470	14.7%	4,890	11.8%	1,580	32.3%
- Maintenance	8,055	18.3%	8,110	19.6%	(55)	(0.7%)
- Services	19,166	43.6%	18,144	43.8%	1,022	5.6%
- Royalties and usage fees	6,354	14.5%	6,006	14.5%	348	5.8%
- Support fees	3,868	8.8%	4,247	10.3%	(379)	(8.9%)
Resale revenue third party sftw and hrdw	**16,463**	**27.3%**	**4,677**	**10.2%**	**11,786**	**>100.0%**
- Licenses	14,638	88.9%	3,717	79.5%	10,921	>100.0%
- Maintenance	377	2.3%	402	8.6%	(25)	(6.2%)
- Services	431	2.6%	432	9.2%	(1)	(0.2%)
- Royalties and usage fees	1,017	6.2%	126	2.7%	891	>100.0%
TOTAL CORE REVENUE	**60,376**	**100.0%**	**46,074**	**100.0%**	**14,302**	**31.0%**

Total core revenue increased by 6.1% on the previous year. Specifically, significant growth was seen in the software licenses sold, which at 31 December 2017 made up 14.7% of total core revenue, going from Euro 4,890 thousand to Euro 6,470 (+32.3%).

Revenue by geographic area





The table below shows the distribution of revenue by geographic area:

Revenue by geographic area	31/12/2017	% impact	31/12/2016	% impact	Change	Change %
Core revenue	**43,913**	**72.7%**	**41,397**	**89.8%**	**2,516**	**6.1%**
- Italy	35,975	81.9%	32,935	79.6%	3,040	9.2%
- Switzerland	694	1.6%	568	1.4%	126	22.2%
- Spain	1,629	3.7%	988	2.4%	641	64.9%
- South America	633	1.4%	1,076	2.6%	(443)	(41.2%)
- France	2,875	6.5%	2,712	6.6%	163	6.0%
- Other foreign countries	2,107	4.8%	3,118	7.5%	(1,011)	(32.4%)
Resale revenue third party sftw and hrdw	**16,463**	**27.3%**	**4,677**	**10.2%**	**11,786**	**>100.0%**
- Italy	10,618	64.5%	4,426	94.6%	6,192	>100.0%
- Foreign countries	5,845	35.5%	251	5.4%	5,594	>100.0%
TOTAL CORE REVENUE	**60,376**	**100.0%**	**46,074**	**10%**	**14,302**	**31.0%**

The distribution of revenue by geographic area reflects the location of the companies that make up the Group.
Revenue for *Other Foreign Countries* mainly include Germany and Great Britain.

Total costs

The table below sets out a cost comparison at 31 December 2017, against the previous year:

Core costs	31/12/2017	31/12/2016	Change	Change %
Raw materials, consumables and goods	776	275	501	>100.0%
- of which software development costs	*(503)*	*(494)*	*(9)*	*1.8%*
Personnel costs	25,091	23,372	1,719	7.4%
- of which software development costs	*(3,008)*	*(2,787)*	*(221)*	*7.9%*
For services	11,930	13,485	(1,555)	(11.5%)
- of which software development costs	*(1,097)*	*(967)*	*(130)*	*13.4%*
- of which non-recurring	*40*	*634*	*(594)*	*(93.7%)*
Other costs	2,965	2,738	227	8.3%
- of which non-recurring	*312*	*162*	*150*	*92.6%*
TOTAL CORE	**40,762**	**39,870**	**892**	**2.2%**
Costs third party sftw and hrdw	16,041	4,511	11,530	>100.0%
TOTAL	**56,803**	**44,381**	**12,422**	**28.0%**

Personnel costs, the most significant liabilities item in the Income statement for Euro 25,091 thousand, includes costs for the development of capitalised software for Euro 3,008 thousand (Euro 2,787 thousand in 2016). The breakdown is given below:

Personnel costs	31/12/2017	31/12/2016	Change	Change %
Salaries and wages	20,757	19,290	1,467	7.6%
Social security contributions	5,980	5,622	358	6.4%
TFR provision	1,261	1,202	59	4.9%
Other costs	101	45	56	>100.0%
Capitalised development costs	(3,008)	(2,787)	(221)	7.9%
TOTAL	**25,091**	**23,372**	**1,719**	**7.4%**

The item *Other costs* includes the IAS 19 actuarial adjustment for the Swiss subsidiary TAS Helvetia on an insurance policy for social security benefits for its employees.

The table below illustrates the TAS Group staff at 31 December 2017:

Staff	31/12/2017	31/12/2016	Change
TAS	376	364	12
TAS HELVETIA	11	11	-
TAS FRANCE	7	7	-
TAS AMERICAS	4	4	-
TAS IBERIA	16	15	1
TAS GERMANY	1	1	-
TAS USA	-	-	-
Number of employees	**415**	**402**	**13**

Operating result

The *Operating result for the* period was negative for Euro 931 thousand compared to the negative figure of Euro 2,470 thousand in the corresponding period the previous year.

In accordance with Consob communication DEM/6064293 of 28 July 2006, non-recurring costs are shown below for Euro 352 thousand, which impacted on the results stated above:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
“Costs of services”	(40)	Consulting for AUCAP operation
Total	**(40)**	
“Other costs”	(312)	Dispute with former employee and customer
Total	**(312)**	
TOTAL NON-RECURRING INCOME/(COSTS)	**(352)**	

Costs of services mainly refer to legal consulting provided by leading companies regarding the free capital increase.

Other costs were represented by a dispute with a former employee and one with a customer.

For comparative purposes, please find attached the statement of non-recurring income and costs for the year 2016:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Other revenue"	990	Income deriving from a transaction with a supplier
Total	**990**	
"Costs of services"	(634)	Consulting for financing renegotiation
Total	**(634)**	
"Other costs"	(162)	Costs for early retirement
Total	**(162)**	
TOTAL NON-RECURRING INCOME/(COSTS)	**194**	

Other revenues relate to the economic benefit of Euro 990 thousand from the settlement agreement, signed on 22 December 2016, with a supplier for supplies that were the subject of a dispute due to a judgement in favour of the Company in first instance proceedings.

Costs of services mainly include legal and financial consulting provided by leading companies to assist with the drafting of the business plan and the consequent pool financing renegotiation made necessary subsequent to the breach of covenants stipulated in the above contract.

Other costs referred to the last transactions for staff early retirement incentives and related costs resulting from the company restructuring operations of 2015.

Profit/(loss) for the consolidated period

At 31 December 2017, a loss of Euro 1,490 thousand was recorded, compared to the loss of Euro 3,340 thousand in 2016.
The loss per share for the period was 0.02 Euro, compared with the loss of 0.08 Euro at 31 December 2016.

Earnings per share	31/12/2017	31/12/2016
Share Capital	24,330,646	14,330,646
Profit/(loss) for the year	(1,490,002)	(3,339,508)
Ordinary shares	83,536,898	41,768,449
Weighted average of number of shares in circulation in financial year	**76,556,417**	**41,768,449**
EARNINGS PER SHARE	**(0.02)**	**(0.08)**

CONSOLIDATED BALANCE SHEET

TAS GROUP (in thousands of Euro)	31.12.2017	31.12.2016
Non-current assets	26,119	23,720
Net working capital	5,275	2,734
Non-current liabilities	(5,194)	(5,117)
Net Invested Capital	**26,201**	**21,336**
Net financial position in respect of banks	**2,307**	**(4,078)**
Shareholder financing	**-**	**-**
Total net equity	**23,894**	**25,414**
- of which profit for the period	*(1,490)*	*(3,340)*

Non-current assets (API)

Non-current assets are broken down as follows:

- Euro 17,412 thousand relating to *goodwill* of which (same amount compared to 31 December 2016):
    - Euro 15,976 thousand relating to the Tas Units CGU;
    - Euro 1,345 thousand relating to the shareholding in Tas Iberia;
    - Euro 91 thousand relating to the Tas France CGU;
- Euro 5,052 thousand for other intangible fixed assets refer mainly to internally developed software (Euro 4,654 thousand at 31 December 2016);
- Euro 3,083 thousand related to tangible fixed assets (Euro 1,157 thousand at 31 December 2016); the increase is mainly attributable to the investments for the new Data Centre by the French subsidiary;
- Euro 68 thousand related almost exclusively to the shareholding in SIA S.p.A.; (same amount compared to 31 December 2016);
- Euro 505 thousand relating to deferred tax receivables and other receivables (Euro 429 thousand at 31 December 2016).

Net working capital (API)

Net working capital included:

- Euro 36,320 thousand relating to trade receivables and inventories (Euro 22,332 thousand at 31 December 2016), up on the previous year due to increased business volumes during the period;
- Euro 4,583 thousand relating to other receivables including trade accruals and deferrals receivable (Euro 4,161 thousand at 31 December 2016);
- Euro 17,689 thousand relating to trade payables (Euro 9,324 thousand at 31 December 2016), up on the previous year due to increased business volumes during the period;
- Euro 17,938 thousand relating to other payables including trade accruals and deferrals payable (Euro 14,435 thousand at 31 December 2016).

Non-current liabilities (API)

Non-current liabilities included:

- Euro 4,718 thousand related to the employee severance indemnity provision (Euro 4,954 thousand at 31 December 2016);
- Euro 476 thousand relating to provisions for risks and charges (Euro 163 thousand at 31 December 2016).

Net Equity

At 31 December 2017, net equity was equal to Euro 23,894 thousand compared to Euro 25,414 thousand at 31 December 2016.

Net Financial Position

Pursuant to the requirements set out in Consob Communication no. 15519 of 28 July 2006, the financial position of the Group was as follows:

Consolidated Net Financial Position	***NOTES***	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	**21**	(7)	(4)
B. Bank and postal deposits	**21**	(3,542)	(7,498)
C. Securities held for trading		-	(93)
D. Cash and cash equivalents (A) + (B) + (C)		**(3,549)**	**(7,595)**
E. Current financial receivables	**20**	**(31)**	**(32)**
F. Current bank payables		55	153
G. Short-term portion of medium to long-term bank borrowings		171	-
H. Current financing from Shareholders		-	-
I. Other current financial payables		-	7
of which in respect of related parties		-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**29**	**226**	**160**
K. Current net financial debt (D) + (E) + (J)		**(3,354)**	**(7,467)**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		5,197	4,038
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		952	15
P. Net non-current financial debt (L) + (M) + (N) + (O)	**25**	**6,149**	**4,053**
Q. Net financial debt CESR (K) + (P) (*)		**2,796**	**(3,414)**
R. Non-current financial receivables	**13**	**(489)**	**(663)**
S. Net financial debt(Q) + (R)		**2,307**	**(4,078)**
of which excludes Shareholder financing		*2,307*	*(4,078)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

The *Net financial position* was negative for Euro 2.3 million, compared to the positive Euro 4.1 million at 31 December 2016. This reflects the investments carried out in the period, where we specifically note the construction of the new Data Centre at the French subsidiary (for around Euro 1.9 million), the investments for two new Group offices (Casalecchio di Reno and Rome), and the projects to develop new products and software solutions across the core business areas (for around Euro 4.7 million).

MACRO-ECONOMIC REFERENCE SCENARIO[4]

The expansion in global economic activity remains solid and widespread, while the general underlying weakness of inflation persists however. Short term growth prospects are favourable.

[4] Source: Economic Bulletin No. 1 of 2018

Growth prospects in the Eurozone have improved further. According to the latest figures issued by Eurosistema, GDP should rise by 2.3 percent in the current year. Deflation forecasts materialised, whereas inflation remained low at 1.4 percent in December; the underlying component remains weak, and is slowed down by the growth in salaries that is still moderate in many economies in the area. The ECB Governing Council has recalibrated monetary policy instruments, maintaining the expansive monetary conditions into the future, which remain necessary for inflation to return to lower levels on a sustained basis, but at levels closer to 2 percent.

According to our estimates, during the fourth quarter last year, GDP in Italy had grown around 0.4 percent; the favourable trend is thus confirmed, but it is still lower than the European average for recent quarters. The increase would refer to services and industry in the stricter sense. Surveys have found a recovery in business confidence to the levels prior to the recession; they also show favourable conditions for capital accumulation. These assessments were confirmed by the acceleration in expenditure for investments seen during the second half of the year.

Forecasts for the Italian economy over the three-year period 2018-2020, subsequent to the rise in GDP during 2017 of 1.5 percent (based on quarterly data adjusted for the number of working days; 1.4 excluding this adjustment), show 1.4 percent growth for the current year, and 1.2 in 2019-2020. Economic activity seems to be mainly driven by internal demand.

The significant risks that remain in this scenario refer to the international context and performance in the financial markets. A worsening in global tension or increased uncertainty regarding economic policies in different areas could represent increased volatility in financial markets and risk premiums, impacting negatively on the Eurozone’s economy.

With regard to internal risks, compared to previous scenarios, the risks associated with the weakness in the credit system have decreased, with possible increased uncertainty on the intensity of the current revival vis a vis households and businesses. The overview provided will however depend on continued economic policies that on the one hand will promote long-term growth in the economy, supporting investment and consumption decisions, and on the other, provide credibility to the efforts to reduce public debt, taking advantage of the favourable timing in the global economy.

THE ITALIAN DIGITAL MARKET IN 2017 AND 2018 FORECAST[5]

Driven by new technologies and an increasingly digital economy, the Italian Information Technology market confirmed its positive trajectory in 2017, growing by +3.1% and continuing this trend into 2018, with estimates of +1.9%. If we extend the horizon to the entire ICT sector, which includes telecommunication services, this generates over Euro 30 billion, with growth of 1.9% on the previous year, and estimates of 1.3% growth for 2018.
Turnover relating to hardware is up by over 6%, with this attributable to devices like smartphones (19%), tablets (12%) (as opposed to the slight drop in personal computers) and storage (closed 2017 at +10.5%), similarly to networking equipment (+8.4%); two aspects that are very important for companies that need to manage an increasing volume of data, and more generally are looking to relaunch their business.

[5] Source: Assintel Report 2018

The software market will grow by 3% with this mainly from the contribution from the application software segment (3.7%), and specifically the Application development & deployment segment (+4.6%) that incorporates software associated with data management. A note regarding infrastructure software: this reports a stationary trend that is however due to the growth in the IT security and storage components, which show increases, with all other components on the other hand recording a decrease.

Focusing then on the more innovative markets, three-digit growth is noted: solutions relating to IoT markets were up (+16.4%), as were Cognitive (+20.5%), Cloud (+27.8%), Big data analytics (+20.9%), whereas Wearable products reached growth levels of +155.7%, and even 335.6% referring to products and services in the augmented and virtual reality market.

The IT services sector was up, with project services increasing (2.4%), especially in System Integrations, whereas the growth rate for consulting will remain stable.

These figures show that companies are reflecting on their digital transformation, renewal projects are being undertaken, but will probably still require some time.

Italian companies are looking to 2018 with confidence, with expectations of an increase in their sales. In this context, the larger companies especially are planning digital transformation projects, but there are still a number of challenges to overcome: limited funding, the lack of a culture of change being the main obstacles to the digital transformation.
To a lesser extent the following impact on the difficulty to embrace change: the inability to redefine business models, top management’s low risk propensity, and only lastly, a lack of skills.
The challenge stands, especially at a time when Italian companies are envisaging an increase in their sales or at the least stability (only 5% had negative forecasts), and are therefore confident regarding the future.

CORPORATE GOVERNANCE

The TAS Group adheres and complies with the Corporate Governance Code for listed Italian companies issued by the Italian Stock Exchange and available on their website, with the additions and amendments related to the characteristics of the Group.
The “Corporate Governance Report” is drawn up on an annual basis pursuant to regulatory obligations. This document contains a general description of the system of corporate governance adopted by the Group, including information on the ownership structure and adherence to the Self-Regulatory Code of Conduct, covering the main governance practices applied and the characteristics of the system of internal control and risk management in relation to financial reporting process.
The Annual Report on Corporate Governance, drawn up pursuant to art. 123-bis of the Consolidated Law on Finance (CFA), is also available on the TAS website http://www.tasgroup.it/investors, under “Financial Statements and Documents” and update notices can be found under “Press Releases”.
The Corporate Governance Code is publicly available on the website of the Italian Stock Exchange (www.borsaitaliana.it).

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

In accordance with the requirements of art. 123-*bis* of Italian Legislative Decree no. 58 of 24 February 1998 ("CFA"), we provide the following information:

a) Structure of share capital (*as per art. 123-bis, para. 1, letter a) CFA)*)

The Company's share capital subscribed and fully paid amounts to Euro 24,330,645.50 consisting of 83,536,898 ordinary shares with voting rights.

The Company currently has no share-based incentive plans involving increases in share capital, including those that are free of charge.

b) Restrictions on the transfer of securities (as per art. 123-bis, para. 1, letter b) CFA)

Based on the agreement between GUM International S.r.l. ("**GUM**"), Alex S.r.l. ("**Alex**"), Rosso S. à r.l., ("**Rosso"**) Verde S. à r.l. ("**Verde"**), OWL S.p.A. ("OWL"), the TAS Creditor Banks (Banca Monte dei Paschi di Siena SpA, Banca Nazionale del Lavoro SpA, Banca Popolare di Milano Soc Coop. a r.l., Cassa di Risparmio di Bologna S.p.A., Banco Popolare Soc. Coop., Intesa Sanpaolo S.p.A., Unicredit S.p.A. and Banca IMI S.p.A., jointly referred to as the "**Creditor Banks**") and Audley European Opportunities Master Fund signed in 2016 (hereinafter the "**Framework Agreement**"), there is an undertaking on the part of the parent company OWL, from the thirtieth month and within thirty-six months from the date of execution of said Framework Agreement (4 August 2016), to mandate a leading investment bank or consulting company to search for buyers of OWL's shareholding in the Company. Under art. 11.1 of the Framework Agreement (which governs the conditions of the sale mandate), the mandate will have a duration of twelve months.

Furthermore, the lien on 30,073,284 TAS shares owned by OWL, corresponding to 36% of the share capital, registered as guarantee for the restructuring agreement signed by the Creditor Banks with TAS on 27 June 2012, was recently confirmed by a deed of understanding signed on 18 May 2017 by the Creditor Banks (with the exception of Cassa di Risparmio in Bologna S.p.A.).

c) Significant investments in the share capital (as per art 123-bis, paragraph 1, letter c) of the CFA)

The company qualifies as an SME according to art. 1, comma 1, letter w-quater.1) of the CFA and, therefore, pursuant to art. 120, paragraph 2 of the CFA, the significant shareholdings in the Company's share capital for the purposes of reporting requirements are those that exceed 5% (instead of 3%) of the share capital. Persons who, at the date of approval of these financial statements, based on statements made in accordance with art. 120 of the CFA, directly or indirectly possess a significant shareholding exceeding 5% of the share capital of TAS are as follows:

Declarant or person at the top of the investment chain	Direct shareholder		% share of voting capital	% share of ordinary capital
	Company Name	**Ownership status**		
Dario Pardi	OWL S.p.A.	Ownership	81.09	81.09
		Total	81.09	81.09
	Total		**81.09**	**81.09**

d) Securities that grant special rights (as per art. 123-bis, paragraph 1, letter d) CFA)

There has been no issue of securities that confer special or other controlling rights. There are no special powers. The by-laws of TAS do not provide for multiple or loyalty votes.

e) Employee share ownership: mechanism for exercising voting rights (as per art. 123-bis, paragraph 1, letter e) CFA)

There are no specific mechanisms for exercising voting rights in the event of employee share ownership.

f) Restrictions on voting rights *of securities* (as per art. 123-bis, para. 1, letter f) CFA)

There are no restrictions on voting rights.

g) Shareholder agreements (as per art. 123-bis, paragraph 1, letter g) CFA)

The significant shareholder agreements pursuant to art. 122 CFA in force at the date of approval of this document, details of which are available in the information disclosed to the market from the last update of 3 February 2017, are as follows:

(i) the shareholder agreement between Rosso and GUM of 20 May 2016 concerning Verde, OWL and the Company;

(ii) the shareholder agreement between GUM, Tommaso Barchi, Luca Cividini and Alberto Previtali of 17 May 2016 concerning Alex and, indirectly, the Company and OWL;

(iii) the shareholder agreement between GUM and Athena Capital S.à r.l. on behalf of Athena Capital Balanced Fund 2, a subfund of Athena Capital Fund SICAV-FIS ("Athena"), of 17 May 2016 concerning Alex, OWL and the Company;

(iv) the shareholder agreement between Athena, GUM, GUM Consulting s.r.l. ("GUM Consulting") and Messrs. Dario Pardi, Ginevra Pardi, Matteo Pardi and Umberto Pardi of 17 May 2016 concerning GUM Consulting, GUM, Alex, Verde and OWL.

h) Change of control clause and statutory regulations on takeover bids (as per art. 123-bis, paragraph 1, letter h) CFA and art. 104, paragraph 1-ter and 104-bis, paragraph 1)

Based on the provisions of the agreement between TAS and the Creditor Banks pursuant to Article 67, paragraph 3 letter d) of Royal Decree 267/1942 ("**TAS-Banks Agreement**") and the Framework Agreement signed in the context of the debt restructuring operation and capital strengthening process, as well as the change in the Company's control, which took place on 4 August 2016 (the "**Extraordinary Transaction**"), if there is a change of share structure in the TAS control chain, without prior authorisation in writing by a majority of the Creditor Banks, the Company it is obliged to repay the residual debt to the Creditor Banks.

The By-laws envisage no derogation from the passivity rule provided for by Art. 104, paragraphs 1 and 1-bis of the TUF, nor provides for the implementation of neutralisation rules set out by Art. 104-bis, paragraphs 2 and 3 of the TUF.

i) Mandates to increase the Share Capital and authorisations to purchase treasury shares (as per art. 123-bis, paragraph 1, letter m), CFA)

On 26 January 2017 it was resolved to authorise the Board of Directors to increase the free share capital by Euro 10,000,00.00, in accordance with the commitments undertaken by the Company as part of Extraordinary Operation. The free share capital increase was fully released and executed on 6 March 2017.

No approval was granted for other delegations of power to increase the share capital of TAS and/or authorisations to purchase treasury shares.

At present, the Company's Directors are not authorised to issue equity instruments.

l) Management and coordination activities (as per art. 2497 et seq. of the Italian Civil Code)

The Company is controlled by OWL, which owns a 81.091% stake of the share capital and also performs management and coordination activities pursuant to art. 2497 of the Italian Civil Code.

Other information

Note also that:

- the information required pursuant to article 123-bis, paragraph one, letter i) ("*agreements between the company and directors ... providing an indemnity in the case of dismissal or resignation without just cause or if the working relationship should cease subsequent to a public takeover bid*") is provided in the remuneration report published in terms of art. 123-ter of the TUF;

- the information required by article 123-bis, paragraph one, letter l) ("*the regulations applicable to the appointment and replacement of Directors ... as well as changes to the by-laws, if different from legislative and regulatory rules applicable by way of addition*") is provided in the section in the Corporate Governance Report dedicated to the Board of Directors.

INTERNAL AUDIT SYSTEM

Following the actions undertaken during the course of previous financial years, the Board continued with the implementation of the internal audit system to ensure that the main risks to which TAS and its subsidiaries are exposed can be correctly identified and properly measured, managed and monitored, while also defining criteria to make such risks compatible with sound and proper management.

The process is continuously updated and strengthened.

The internal audit system of TAS consists of an organised system of internal rules, procedures and organisational structures whose purpose is to facilitate the achievement of business objectives through effective and efficient operations and compliance with laws and regulations.

In order to assess the effectiveness of the internal audit system, the governance of TAS provides that the following entities intervene, each according to its respective responsibilities:

- Board of Directors
- Director in charge of the internal control and risk management system
- Control and Risks Committee
- Committee for transactions with related parties
- Remuneration and Appointments Committee
- Internal Audit Manager
- Director responsible for preparing corporate accounting documents pursuant to Law No. 262/05

- Supervisory Board formed pursuant to Italian Legislative Decree 231/2001
- Board of Statutory Auditors

The system's functioning is ensured with frequent meetings between the bodies referred to above, mainly through the supervision and coordination of the Control and Risks Committee and the Board of Statutory Auditors, in order to provide the most complete picture of business risks and the mechanisms implemented to control them.

In terms of risk issues regarding interim financial reporting, the Company has identified a number of measures to achieve the objectives of reliability, accuracy and timeliness regarding accounting and finance information, which are based on accounting standards.

On the one hand, control is focused on the tasks and responsibilities of the Director in charge, who was granted the powers and means to carry out his duties and, on the other hand, on the definition of a structured system of procedures influencing the administrative and accounting aspects.

Setting the internal rules referred to above was carried out on the basis of an analysis of each operational process, which focused on the Financial Statement items relevant to financial reporting as a way to address the risks identified with appropriate control mechanisms.

Responsibility for maintaining the adequacy of this regulatory system was governed and communicated within the administration-finance-control area, and periodic analyses were carried out by the Internal Audit Manager.

As additional structural elements of the control environment, it is necessary to highlight both the supervision provided by the "Quality" unit and the related business operating procedures governing internal operations.

The organisational structure is formalised through internal regulations issued by the Organisation and Human Resources management following the approval of the CEO; these communications are available to all employees on the company and the Board of Directors is regularly informed about the most significant organisational changes.

Based on the information gathered at the meeting on 14 March 2018, the Control and Risks Committee made a positive evaluation of the adequacy, efficiency and effectiveness of the internal control system, referring to the reports of the responsible bodies (Internal Audit structure and Supervisory Body).

Main characteristics of the risks management and internal control system in relation to the financial disclosure process - *Application criterion 7, paragraph 1, letter d) and art. 123 bis, paragraph 2 letter b) of the TUF*

<u>Introduction</u>

For the system of internal control and risk management, the Company has taken the "COSO Framework" as a reference model; this standard is considered a best practice internationally and is made up by the set of business procedures and rules adopted by the different operational units to allow, through an appropriate identification process, the measurement, management and monitoring of the main risks in achieving business objectives.

The internal control and risk management system is also intended to provide reasonable certainty that the financial reporting information disclosed to users, in compliance with established deadlines, gives a true and accurate representation of management events, in order to ensure the integrity, accuracy, reliability and timeliness of the financial reporting.

<u>Characteristics of the system of management of existing risk and internal control in relation to the financial reporting process</u>

To ensure the effective application of the system and a high standard of reliability of information, various business procedures, including administrative and accounting checks, are carried out and periodically updated subsequent to organisational and regulatory changes.

With particular reference to the structure and operating modes that characterise the operation of the system of internal control and management of existing risks in relation to the financial reporting process, we specify that:

- the identification of financial reporting risks has been carried out within the wider process of risk assessment of identification risks that may affect the achievement of the objectives established by business processes; the risk assessment is usually updated annually at the time of the internal audit plan;
- the risk assessment is done with qualitative criteria designed to estimate the probability of occurrence of events and their impact on the pursuit of business objectives;
- risk oversight is ensured by responsible individuals and institutions' monitoring of compliance with procedures, in addition to the specific activities of the Internal Audit function. In that regard, it should be noted that the audit plan of the Internal Audit function provides specific tests for administrative processes to allow the issue of certification by the director in charge of financial reporting at 31 December 2017 (Italian Legislative Decree 262/05).
- the assessment of controls on identified risks is carried out through the Internal Audit activity and may involve, where appropriate, the identification of compensating controls, corrective actions or improvement plans.
- the Internal Audit Function reports regularly to the Board of Directors the outcome of the checks carried out and any recommendations for improvements; it also monitors the implementation of the latter. In particular, the Control and Risks committee received the quarterly report from the Internal Audit Function regarding the checks and controls carried out on administrative and accounting processes implemented pursuant to Italian Legislative no. 262/05 and submitted these to the Board of Directors at its first possible meeting.

The results of the monitoring activities are periodically inspected by senior management and the Chief Executive Officer to oversee the operation of the internal control system, and by the Internal Control and Risk Committee, which in turn reports to the Board of Directors and the Board of Statutory Auditors.

Within the financial reporting process, the preparation of financial reporting is the responsibility of the Legal, Administration, Finance and Control Department, which the CFO oversees, also in his capacity of manager in charge. The CFO reports to the CEO and is therefore independent of all business areas.

The administrative heads of subsidiaries report to that area on a functional level. The area reports to the CEO.

Financial reporting processes are supported by written procedures that govern roles and responsibilities and control points; the procedures are prepared by the process owner, verified by the Internal Audit Function and approved and issued by the CFO.

These procedures cover the entire operations of the parent company; foreign subsidiaries are less complex from the administrative point of view.

The Internal Audit Department, responsible for outsourcing to third parties with adequate specific competence and experience and a suitable organisational structure to support the execution of control, reports directly to the Board of Directors and operates on the basis of an appropriate plan of checks prepared annually.

Board of Directors

Pursuant to Art. 18 of the by-laws, the entire Board of Directors, made up of no less than five and no more than eleven members, is elected by the Shareholders' Meeting on the basis of lists that are filed at the registered offices twenty five days prior to the date set for the Meeting, accompanied by all the documents and information required by law.

The Board is appointed by a list voting procedure to ensure (i) compliance with *pro tempore* gender balance rules in force and (ii) the presence of minority shareholders among at least one fifth of the Directors.

Only shareholders that individually or together with other shareholders representing the percentage set by Consob pursuant to article 144-quater of the Issuers Regulation, published in terms of article 144-septies of Consob Issuers Regulation, are entitled to present lists, or failing this representing at least 2.5%. With resolution no. 19856 of 25 January 2017 in respect of the 2017 period and with resolution no. 20273 of 24 January 2018 in respect of the 2018 period, Consob set the shareholding percentage required to present a list of candidates for election to TAS administrative and control bodies at 2.5%.

The by-laws do not incorporate the provision under Article 147-*ter*, paragraph one of the TUF, according to which in the interests of the Directors to be elected, the by-laws disregard the lists that have not obtained a percentage of votes equal to at least half of that required by the by-laws for their submission.

Directors must have the prerequisites stipulated by pro tempore applicable regulations; of these, a number corresponding to the minimum set by the regulations must have the prerequisite of independence pursuant to article 148, paragraph 3 of the TUF. The by-laws do not stipulate further requisites of independence with respect to those laid down for statutory auditors under the terms of the aforementioned Article 148 of the TUF, and/or integrity and/or professionalism for the appointment of Directors. This also applies regarding the requisites stipulated by the Codes of Conduct drawn up by the management companies of the regulated markets or by the category associations.

Reference is made to the Corporate Governance Report for information on the diversity policy.

Director in charge of the control and risk management system

The Board has appointed the Chief Executive Officer Valentino Bravi as the Director in charge of the internal control and risk management system.

The Director in charge of the internal control and risk management system has identified the main business risks (strategic, operational, financial and compliance) in the context of the risk assessment process especially, taking into account the characteristics of the activities conducted by the Parent Company and its subsidiaries, and submitted them periodically to the Board; he implemented the guidelines defined by the Board, overseeing the design, implementation and management of the internal control and risk management system, constantly monitoring its adequacy and effectiveness; adapted the system to changes in operating conditions and legislative and regulatory framework; within the scope of the renewal, he has proposed the appointment of the Internal Audit Manager, continuing with the appointment being outsourced; he has the authority to ask the Internal Audit function to conduct any audits on specific operating areas or on compliance with internal rules and procedures in executing corporate operations; he has always reported promptly to the Control and Risks Committee and to the Board of Directors regarding any critical issues and problems emerging in the course of its business or of which he might become aware to take appropriate action.

Control and Risks committee

The Board of Directors has set up its own internal Control and Risks Committee with duties provided by the Corporate Governance Code.

The Control and Risks Committee formed by the Board of Directors currently consists of 3 (three) independent directors: Ambrosella Ilaria Landonio (Chairperson), Roberta Viglione and Giancarlo Maria Albini.

During the year and at the date of approval of this document, the Committee is made up of only independent and non-executive directors, whose work is coordinated by a Chairperson, who is currently Ambrosella Ilaria Landonio.

The composition of the Committee is compliant with the recommendations of Principle 7.P.4 of the Corporate Governance Code, which states that at least one member of the Control and Risks Committee has experience and knowledge in the field of risk management accounting and finance, deemed adequate by the Board of Directors at the time of their appointment.

During 2017, the Control and Risks Committee met 5 (five) times, with an average meeting duration of about 60 minutes, with full participation of its members on average at all meetings. As regards the financial year 2018, at the date of approval of this report, 1 (one) meeting had been held.

At the invitation of the Committee or its Chairman, the Control and Risks Committee meetings held during the 2017 financial year were attended by CEO Valentino Bravi, CFO Paolo Colavecchio and Director of Legal and Corporate Affairs Cristiana Mazzenga, who also acted as minutes secretary. The meetings of the Committee were attended, subject to invitation, by members of the Board of Statutory Auditors and the other parties involved in risk management and control system, in particular the Internal Auditor and the other members of the Supervisory Board.

Committee for Transactions with related parties

So as to effectively implement the recommendation in paragraph 6.1 of Consob Communication no. DEM/10078683 dated 24 September 2010 regarding the application of the Related parties transactions Regulation, it was deemed appropriate to review the current procedure governing the implementation of transactions with related parties, given that almost three years have past since the last check on its adequacy conducted on 17 December 2014. This was also in view of the recent changes to the proprietary structure and in particular the application procedures that have evolved especially during 2015 and 2016 compared to the current version that dates back to November 2010. This procedure, with the current version approved by the Board of Directors on 20 July 2017 in consultation with the TAS Related Parties Committee ("the RPT Procedure"), has been published on the Company's internet site at **www.tasgroup.it**.

The Related Parties Transactions Committee currently consists of 3 (three) independent directors: Carlotta De Franceschi (Coordinator), Ambrosella Ilaria Landonio and Martino, Maurizio Pimpinella.

The Committee is responsible for:

- prior to adoption, evaluating the RPT procedure by issuing a formal opinion;
- monitoring its implementation and making the necessary updates where necessary;
- issuing its formal opinion regarding any related-party transaction within the scope of the RTP procedure, with reference to the interests of the Company upon completion of the same, for the purposes and pursuant to the principles of substantive and procedural fairness;
- in the event of highly significant transactions as defined in the RTP Procedure and reference regulations, being involved during the preparatory stage and taking part in negotiations, identifying one or more of its members as delegates, receiving complete and prompt information, with the authority to ask for information and make recommendations to those conducting the preparatory work and the negotiations.

In carrying out its activities and if deemed necessary, the Committee is entitled to request any support and coordination with other controlling structures such as the Director in Charge in accordance with Italian Legislative Decree 262/2005, the Internal Audit function, etc.

The Committee may also require the support of an independent expert for the most important or specialised aspects.

The selection of experts shall be made from persons with recognised professionalism and whose independence must be verified according to the same principles applicable to Directors and Statutory Auditors, in respect of whom there must be no conflicts of interest in connection with the operation. The selection must be justified and the appointment duly formalised.

A provision has been made for a maximum expenditure for services rendered by independent experts of 20,000 Euro for each operation of minor significance.

During 2017, the Committee held 3 (three) meetings with the cognisant and effective participation of all its members, and on request of the Statutory Auditors Board, the Legal, Purchases, Administration, Finance and Control Director and Director of Legal and Corporate Affairs, due to the issues being dealt with in the meetings themselves. The meetings of the Related Parties Committee are duly minuted. The Committee Coordinator, or in her absence, another committee members report to the Board of Directors in this regard at their first possible meeting.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee formed by the Board of Directors currently consists of three independent directors: Giancarlo Maria Albini (Chairman), Martino, Maurizio Pimpinella and Carlotta De Franceschi.

During 2017 and at the date of approval of this document, the Committee is made up of only independent and non-executive directors, whose work is coordinated by a Chairman, and duly minuted.

The composition of the Committee is compliant with the recommendations of Principle 6.P.3 of the Corporate Governance Code, which states that at least one member of the Remuneration and Appointments Committee has experience and knowledge in the field of accounting and finance or remuneration policy, deemed adequate by the Board of Directors at the time of their appointment. All members have ensured effective and proactive participation in the meetings and the discussions.

During 2017, the Remuneration and Appointments Committee met in total 4 (four) times, with an average meeting duration of about 35 minutes. As regards the financial year 2018, at the date of approval of this report, 1 (one) meeting had been held.

Pursuant to application criterion 6.C.6. of the Code, Directors must abstain and effectively abstained from taking part in the committee meetings formulating proposals relating to their own remuneration.

At the invitation of the Committee itself, the meetings held in 2017 were attended by the CFO Paolo Colavecchio and Director of Legal and Corporate Affairs Cristiana Mazzenga, who also acted as minutes secretary. Invitations were also extended to the Board of Statutory Auditors and representatives of company functions from time to time involved in discussion of the topics on the agenda, including the Human Resources Director.

Person in charge of Internal Audit function

Based on the proposal of the Director in charge of Internal Audit and Risk Management, and the favourable opinion of the Control and Risks Committee and the Board of Statutory Auditors, the Board of Directors appointed Gerardo Diamanti as the new Internal Audit Manager as from 1 June 2014.

The Company has therefore continued with its commitment to ensure maximum independence with the appointment of an external person to be responsible for this function. Without prejudice to him reporting to the Board of Directors in accordance with the Italian Civil Code, he reports on a functional level to the Chairman of the Board of Directors, and to the Board and the Control and Risks Committee on an information level.

Director responsible for preparing corporate accounting documents

Mr Paolo Colavecchio, Director of Administration and Finance, was appointed Director in charge of preparing the corporate accounting documents on 29 November 2007 and again on 12 July 2010.

Under the provisions of Art. 27 of the Articles of Association, the appointment was made with a Board resolution, after consulting the Board of Statutory Auditors. Mr Paolo Colavecchio was deemed suitable given his professional skills in the accounting, economic and financial areas, as well as his familiarity with the assignment carried out thus far. In fact, as he was already specifically responsible for the preparation of the accounting documents, he was the obvious choice as candidate.

With the adoption of procedures in accordance with Law 262/2005, the precise and appropriate responsibilities for carrying out the tasks laid down in the laws and regulations have been described in detail as procedures.

Supervisory Board formed pursuant to Italian Legislative Decree 231/2001

From 2008, TAS S.p.A. follows an organisation, management and control model pursuant to art. 6 of Italian Legislative Decree 231/2001.
On 13 November 2008, the Board of Directors appointed a Supervisory Board tasked with ensuring compliance and the proper functioning of the model and seeing to its updating.
This Board currently consists of two parties external to the Group (the Chairman, Massimiliano Lei and member Gerardo Diamanti, Manager of the Internal Audit function) and the Director responsible for preparing the accounting documents, Mr Paolo Colavecchio.
In 2010, the Company updated its Organisational Model pursuant to Legislative Decree No. 231 of 8 June 2001, based on the Confindustria Guidelines; the purpose of this model is to prevent the risk of unlawful acts relevant to the Decree and thus avoid the onset of administrative liability in respect of the Company.

The behavioural protocols were also subsequently formalised, which provide guidelines for the management of activities abstractly exposed to risk offence within the meaning and for the purposes of Italian Legislative Decree no. 231/2001.

The Supervisory Board constantly monitors the changes introduced in legislation and case law relating to the responsibility of entities pursuant to Italian Legislative Decree no. 231/01, so that it may make the necessary updates to the Organisation, Management and Control Model adopted by the Company, which implemented said updates in order to incorporate the intervening amendments to Italian Legislative Decree 231/2001.

The model also paid particular attention to the following elements, which are considered essential in terms of its adequacy:

- the appointment of a Supervisory Board, consisting of the Internal Audit Manager, a director of the Company, and an outside professional with proven and specific experience on various legal aspects of the “231” within the Company. The Supervisory Board meets almost monthly (11 meetings in 2017) and reports regularly to the Board of Directors, also through the Control and Risks Committee and the Board of Statutory Auditors;
- the formalisation of the code of ethics as a fundamental element of corporate ethics. The document has been communicated to all employees and is considered an integral part of

internal organisational model; it is available on a special directory within the corporate intranet and is also published on the Company's website together with the general part of the model, at http://www.tasgroup.it/investors/governance;

- An extensive programme of staff training, ended in the first quarter of 2010 and will be followed by further refresher courses in coming years;
- A dedicated information channel whereby the Supervisory Board receives reports of infringements or suspected infringements from employees, managers or directors of the Company, guaranteeing that those reporting do not suffer any form of reprisal, discrimination or are penalised, and further ensuring that their identity remains confidential. With the publication of the regulations on whistleblowing (Law no. 179 of 30/11/2017 that became effective on 29 December 2017), the Supervisory Board established this channel and excluded the internal member from the recipients of the communication channel as additional insurance. The Supervisory Board will assess further updates to the model in order to incorporate any new regulations.

This Model represents a further step towards the seriousness, transparency and a sense of responsibility required within the Company and towards the external world, while guaranteeing shareholders efficient and proper management.

The supervisory work conducted during 2017 and up until the approval of the Report, did not find any infringements of the Organisational Model or receive notification of any specific critical areas.

Board of Statutory Auditors

Pursuant to Art. No. 31 of the by-laws, the appointment of the Board of Statutory Auditors is made on the basis of lists filed at the registered offices at least twenty five days prior to the date set for the meeting, accompanied by the candidate's declaration accepting the candidacy. In the declaration, each candidate declares that there are no reasons for ineligibility or incompatibility, and that the candidate complies with the requirements prescribed by applicable regulations. This is accompanied by detailed information on the candidates' personal and professional profiles. In particular, Art. 31 of the by-laws provides that no person can assume the office of Statutory Auditor or be included in lists if they have exceeded the limits on the number of management and control positions held, if incompatible or failing to meet the requirements of integrity and professionalism pursuant to applicable legislation and regulations, specifying, for the purposes thereof, that business matters and sectors closely connected to that of the company shall be understood as matters and the sectors of information technology and communications. The nomination is done on the basis of a voting list system, which ensures representation to the minority and gender balance, following the changes approved to the by-laws by the Shareholders' Meeting on 29 April 2013 referring to the introduction of the mechanisms and criteria referred to under Italian Law no. 120 of 20/07/2011 and art. 148, section 1-*bis* of the CFA.

HUMAN RESOURCES

For the TAS Group, the attention paid to the valuable assets in its human resources is a central and critical factor for a Group that focuses on innovation within rapidly and continuously changing scenarios.
Continuous training enables the development of knowledge and innovation capacity and the systematic transfer of skills, in a process of continuous improvement, focusing on human resources, their motivation and their involvement in the company's objectives.
A great deal of commitment is therefore given every year to staff development and training based on a needs analysis, the definition of plans and training programmes, conducting courses internally and with reliable external institutes, participation in workshops and seminars and evaluating training activities.
There is also particular attention and focus on collaborations and conventions with universities and other higher education institutes to identify and attract young talents to the Group TAS for placement on specific career paths. Finally, the TAS Group promotes corporate social responsibility activities with employment start-off schemes for young graduates and job seekers and with participation in various school-work alternating programmes.

RESEARCH AND DEVELOPMENT

Research and Development are recognised by the Group as a fundamental necessity for its growth and consolidation strategy in the domestic and international markets. In 2017, the Group therefore confirmed its commitment in this area, with an increase compared to the previous financial year.

Investments in fixed assets	31/12/2017	31/12/2016	Change	Change %
Software development	4,715	4,291	424	9.9%
Other intangible fixed assets	403	505	(102)	(20.2%)
Electronic office equipment and hardware	2,139	584	1,555	>100.0%
Other tangible fixed assets	609	217	392	>100.0%
TOTAL	**7,866**	**5,597**	**2,269**	**40.5%**

The item *Software development* for Euro 4,715 thousand relates to capitalised internal costs for the development of new computer applications.

Group investments continued during the period in different areas, with market action consolidated in European countries, and strategic partnerships established to develop the Group's business. Specifically:

- in the **Financial Markets and Treasury area:** the continued development of the Aquarius platform to manage liquidity, under Basel 3 principles, in an integrated manner for bonds, cash and collateral. Aquarius was designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of tri-party collateral management; modules were introduced for Stress Tests and liquidity management on accounts corresponding to MIFIDII compliant solutions and the new Record Keeping that adopts innovative Business Intelligence approaches;

- in the **Electronic money and Payment Systems area:** the continued forward development of the CashLess 3.0 platform, including the activation of specialised API, card issue and management solutions on Open technology; on the Card Issue side implementation for the interview specifications of the Chinese network UnionPay International (UPI) is currently undergoing certification, and in the field of Transactions Acceptance the implementation of various protocols for interconnection with major foreign Acquirers active in the TAS Group target commercial regions, and the realisation of a new Fraud Management module for transactions originating from POS and/or ATM channels. The suite of modules for Branch Transformation called EasyBranch is also continuing in the ATM channel. We note further:

- **Oracle and the TAS Group** together offer state-of-the-art solutions through the Digital Innovation Platform. **Oracle** chooses **TAS Group** solutions relating to the **Card 3.0** platform to use and manage cards and the **Network Gateway** solution for connectivity to the financial networks for its own **Digital Innovation Platform,** with the aim of providing financial operators with a competitive advantage, when confronting the most important evolutionary process in the payments segment. The TAS Group is already partnered with Oracle in the financial sector, and has now become one of the first global partners for the Digital Innovation Platform.

- **The TAS Group awarded the Infocamere tender.** TAS software will enable Infocamere (Payment Institute authorised by the Bank of Italy, and a national and European excellence in the world of public digital services) to become operational on the SPC Payments Node – pagoPA and in the role of technological intermediary in respect of the Chamber of Commerce network, by facilitating and accelerating the management processes for payments by the public, professionals and companies to the Public Administration.

The development and extension of the TAS Network Gateway solutions continued, both in respect of the launch of the CIT- Check Image Truncation and the functioning of the Instant Payments initiative, which is expected to start-up by the end of the year at national and European level; analyses are also underway to realise the Open API to offer to Banks in response to the reminders and opportunities introduced by PSD2.

- in the **ERP** area: the continuation of the project to reposition TAS' ERP offering, changing it from a proprietary solution to a market-orientated solution of international reach, focusing on the Cloud, Customer eXperience and Social business collaboration, built on Oracle (Fusion) Cloud Applications;

- in the **Financial Value Chain** area: the strengthening of the PayTAS suite offering for eGovernment in line with the specifications gradually issued by AgID on PagoPA for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. Furthermore, an operational and technological overview is underway regarding the e-Banking and Corporate Banking solutions for business clientèle, also from the perspective of PSD2 and consumers.

On a geographic level, market action was consolidated by the TAS Group in Germany. In just over a year since the opening of TAS Germany GmbH and following the acquisition of significant customers and projects in the country, the **TAS Group is accelerating its go2market in the area, becoming associated with the Italian German Chamber of Commerce AHK**. The TAS Group's **European expansion Plan** envisages **significant growth potential in German speaking countries, not only in the Banks and PSP segments, but also in Corporate-Retail** where the TAS Group has for some time been investing in PSD2 logic.

Other investments mainly refer to the construction of the new Data Centre at the subsidiary TAS France, and investments in electronic office equipment and hardware for the Parent Company.

SIGNIFICANT FACTS

The activities and noteworthy events for the financial period included:

- On 18 January 2017, the parent company OWL asked TAS to call an extraordinary Meeting to resolve on whether to approve the share capital increase of Euro 10,000,000.00 (ten million) to be executed by integral use of the extraordinary reserve resulting from a free of charge future share capital increase (therefore without any further increase in equity, only the shifting to the share capital of the special reserve arising from the payment to a future share capital increase), with the Board of Directors of TAS delegated to the definition of technical and operational methods of the free share capital increase (the "TAS Free Share Capital Increase"). The parent company asked TAS to establish an allocation ratio of 1 (one) newly issued ordinary share for each 1 (one) ordinary share owned, with the same characteristics of those currently outstanding.

  On 26 January 2017, the Board of Directors resolved to convene an extraordinary shareholders' meeting for 1 March 2017 in single call, relating to the resolution of a free TAS share capital increase for the amount of Euro 10,000,000.00 (ten million).

  On 1 March 2017, the extraordinary shareholders' meeting approved the share capital increase from Euro 14,330,645.50 to Euro 24,330,645.50 by the issue of 41,768,449 ordinary shares of no nominal value, with the same characteristics as outstanding ordinary shares. The transaction took place on 6 March 2017, with the allocation to share capital of an equal amount taken from the "Free future share capital increase reserve" and with free allocation to shareholders, in the ratio of 1 (one) newly issued ordinary share to 1 (one) ordinary share owned.

- On 26 January 2017, the Board also appointed Carlotta de Franceschi, independent non-Executive Director, as Chairwoman of the Control and Risks Committee in place of board member Di Giacomo, who resigned on 14 December 2016.

- On 31 January 2017, the indirect subsidiary TAS Finnet Ltda (through TAS Americas) ceased operations.

- On 3 March 2017, the deed of sale was signed with Content Interface for the purchase of a business unit called "Digital Software Factory", with effect from 1 March 2017, for the amount of 50 thousand.

- On 16 March 2017, the entire Board of Directors resigned from their positions with effect from the Shareholders' meeting of 26 April 2017, when the new shareholders appointed a new Board.

- On 26 April 2017, the Shareholders' Meeting appointed the new Board of Directors with nine members, who will remain in office for a term of three years expiring on the date of approval of the budget as of 31/12/2019, designating Mr Dario Pardi as Chairman.

  The Shareholders' Meeting also appointed the new Statutory Auditors Board for the next three financial periods up until the approval of the Financial Statements at 31/12/2019. The new Statutory Auditors Board comprises Antonio Mele, Chairman, Silvano Crescini and Claudia Sgualdino as Standing Auditors and Sonia Ferrero and Gian Luca Succi as Alternative Auditors.
- On 26 April 2017, the newly appointed Board of Directors met under Chairman Dario Pardi and confirmed the appointment of Valentino Bravi as Managing Director, attributing him the relevant powers for this role, as well as that of Director in charge of the internal control and risk management system. The relative powers were also assigned to the Chairman of the Board of Directors Dario Pardi, appointed by the Shareholders' meeting on the same date, with Mr Carlo Felice Maggi appointed as Vice-Chairman.

  The Board also established the following committees, all comprising independent directors.

  The Control and Risks Committee consists of:
  Ambrosella Ilaria Landonio - Chairperson
  Giancarlo Maria Albini
  Roberta Viglione

  The Remuneration and Appointments Committee consists of:
  Giancarlo Maria Albini - Chairman
  Martino, Maurizio Pimpinella
  Carlotta De Franceschi

  The Committee for Transactions with related parties consists of:
  Carlotta De Franceschi - Chairperson
  Ambrosella Ilaria Landonio
  Martino, Maurizio Pimpinella

  The Board of Directors then designated the independent Director Giancarlo Maria Albini as Lead Independent Director pursuant to the Corporate Governance Code for listed companies.

- Based on the Consob notification received on 23 June 2017, the Company is no longer required to provide supplementary disclosures on a monthly basis, pursuant to Art. 114, paragraph 5 of Legislative Decree 58/98 ("TUF"), thus no longer forming part of the black list. As a replacement for these obligations, Consob has asked the Company to provide supplementary information as from the interim financial report at 30 June 2017 in its annual and half-year financial reports and in interim management reports (the latter published by TAS on a voluntary basis), and where applicable, in press releases referring to the approval of the aforementioned accounting documentation.

- On 12 September 2017, TAS Group was included among the top 100 firms of the IDC Financial Insights FinTech 2016 classification, the most comprehensive ranking of technology solutions vendors for the financial sector. The IDC FI Fintech Rankings classifies and assesses the major global suppliers in the financial sector and has become an important measurement for the health and evolution of technology in the financial sector as well as being a benchmark for the identification of emerging and innovative solutions from new players. Also, the IDC FI Fintech rankings have become an essential reference for financial institutions during the strategic planning of investments in third-party solutions.

INFORMATION FOR INVESTORS

The Group has been listed on the Italian Online Stock Exchange (ISIN code IT0001424644) since May 2000.

On 29 December 2017, the last trading day of the year, TAS securities reached a closing price of Euro 2.094 and its market capitalisation amounted to 175 million. In the last twelve months, the value of TAS securities rose 180%, going from Euro 0.748 to Euro 2.094.

MAIN RISKS AND UNCERTAINTIES TO WHICH TAS S.P.A. AND THE GROUP WERE EXPOSED

The Company has an internal control system consisting of a system of rules, procedures and organisational structures intended to enable sound, correct business management, which includes the proper identification, management and monitoring of the principal risks that could threaten the achievement of corporate objectives.

This paragraph describes the risk factors and uncertainties related to the economic-regulatory framework and market, which could significantly impact the Company's performance; the specific risks that could result in obligations for the Company and the Group are assessed at the time of determining the relevant provisions, and are mentioned in the Notes to the financial statements, together with any significant potential liabilities.

Additional risks and uncertain events that are currently not predictable or deemed improbable, could similarly influence and the Company and Group's business, economic and financial position and prospects.

The Company adopts specific procedures to manage risk factors aimed at maximising value for its shareholders, and putting in place the measures needed to prevent the risks inherent to the Group's activities. As the parent company, the Company is exposed to the same risks and uncertainties described below for the Group.

Exposure to various types of risk

FINANCIAL RISKS

(i) Foreign exchange risks

The Group is not particularly exposed to currency risk except for the conversion of the Financial Statements of its subsidiaries TAS Helvetia (Switzerland), TAS Americas (Brazil) and TAS USA (United States).
At 31 December 2017, there were no significant business transactions denominated in a currency other than the functional currency of the company (Euro).
At the reporting date, there was no hedging in place to protect from such exposure.

(ii) Interest rate risks (of fair value and cash flow)

The interest rate risk threatening the Group originates almost exclusively from the renegotiated pool loan with the Creditor Banks, which provides a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points. At the date of these financial statements there are no significant risks of fluctuation in market interest rates. The Group's policy does not include using derivative financial instruments for the purposes of hedging and/or trading.

(iii) Credit risk

The Group operates almost exclusively in the banking sector, mainly with known and reliable customers who possess proven solidity and solvency; this is why loan losses in past years have is always been insignificant. The Group does not have significant areas of customer solvency risk.
The receivables balance is monitored constantly throughout the year. In particular, all overdue items are specifically analysed and an estimate is made on losses on receivables, based on information that includes historic, current and forecast data as required by the new IFRS 9 standard.
Financial assets are entered in the balance sheet net of depreciation calculated on the basis of the risk of a counterparty default, which is determined based on the available information on customers' creditworthiness.

(iv) Liquidity risk

Liquidity risk management deals with the risk of the financial resources available to the company proving insufficient to meet the financial and commercial obligations under the agreed terms and deadlines.
The cash flows, financing needs and the liquidity of the Group companies are constantly monitored, with the aim of ensuring effective and efficient management of financial resources.
It cannot be ruled out that, should the situation of weakness and uncertainty in the market continue resulting in a drop in revenue, or if longer collection times or significant write-offs occur, there could be a risk of reduced liquidity with the consequent need to seek recourse to external financing.

At 31 December 2017, the reserve of liquid assets was as follows:

Bank credit lines	***Loans 31.12.2017***	***Utilisation 31.12.2017***	***Availability of credit 31.12.2017***	***Availability of credit 31.12.2016***
Cash credit line	235	(51)	184	15

Financing Lines	5,000	(5,000)	-	-
Other Financing Lines	2,088	(2,023)	65	40
Total Bank Credit Lines	**7,323**	**(7,074)**	**249**	**55**
Factoring Lines	2,210	(382)	1,828	1,564
Total Factoring Credit Lines	**2,210**	**(382)**	**1,828**	**1,564**
Total Banking/Factoring Credit Lines	**9,533**	**(7,456)**	**2,078**	**1,619**
Cash and cash equivalents			3,549	7,502
Total	**9,533**	**(7,456)**	**5,626**	**9,121**

The value of the pool loan mentioned above represents the nominal value of residual debt. The balance sheet value, at the amortised cost, stood at Euro 4,297 thousand. The Group's liquidity reserve of € 5.6 million has been considered sufficient to meet existing commitments on the balance sheet date.

EXTERNAL RISKS

(i) Risks associated with general economic and sector conditions

The market for IT consulting is linked with economic trends in industrialised countries, where the demand for high technology content products is much higher. The ongoing weakness in the global economy at both national and/or international level could reduce demand for the Group's products, with a consequent negative impact on the Group's economic, asset and financial position.
The Group's main market is currently banks and financial institutions, sectors that are traditionally not affected by significant critical aspects. As from 2008, the financial markets experienced strong turbulence at global level, which resulted in a significant deterioration in the economy. The global economic recession in 2008 and 2009 essentially impacted on all geographic areas and economic sectors in developed countries, resulting in a strong drop in demand. More recent financial periods have shown signs of a recovery at global level. Once again in 2018, Italian companies are envisaging an increase in their sales or at the least stability (only 5% had negative forecasts), and are confident regarding the future.

(ii) Risks associated with rapidly changing technologies, customer needs and the reference regulatory framework

The industry in which the Group operates is characterised by rapid and profound technological change and constant developments in skills and professionalism. In addition, the increase in customer requirements, together with any change in the regulatory framework, demand constant software updates for the banking sector and other financial institutions.
The Group invests heavily in the development of new projects and technologies, not only in order to respond quickly to its target market demand, but also to anticipate potential development lines, thus offering a range of new products that are suitable to influence user demand. Therefore, any reduction in the customers' spending propensity in respect of new technologies could expose the Group to the risk of not gaining adequate returns on its investments.
Regardless, these investments cannot guarantee that the Group will always be able to recognise and use innovative technological tools, eliminate the risk of obsolescence of existing products, or ensure the Group's ability to develop and introduce new products or renew existing ones, and do so at an appropriate time for customers that is acceptable for the market. The situations described pose a significant potential risk to the business and the Group's economic and financial results.

(iii) Risks associated with the high levels of competition in the sector where the Group operates

The IT market is highly competitive, and some competitors could attempt to expand at the expense of the Group's market share. In addition, the increased intensity in competition levels and the possible entry of new players in the Group's target sectors, with human resources and financial and technological capabilities that offer more competitive prices, could affect the Group's business and its ability to consolidate or expand its competitive position in the sector, negatively impacting on the business and economic situation and the Group's financial position.

(iv) Risks associated with protecting intellectual property

The Group's software procedures and programmes are protected under Italian copyright legislation. The Group also holds the exclusive rights to the usage of certain programmes and procedures that have been registered in the Special Public Register for Computer Programmes held at the Italian Author and Publishers Association SIAE [*Società Italiana degli Autori ed Editori*].
Management also believes that the level of technology in the products offered by the Group, combined with the necessary technical know-how to constantly and progressively implement and update these, in themselves constitute elements that limit the risks associated with potential and current competitors gaining significant competitive advantages. However, there is no certainty that the protection granted by Italian legislation on copyright law prevents other sector operators from independently developing similar products or duplicating the Group's unregistered products, or further, designing new ones that could replicate the same systems and functions without however, violating the Group's rights. The Group's technology could also become exposed to piracy from outside parties.

INTERNAL RISKS

(i) Risks related to dependence on key personnel

The Group's success depends significantly on the ability of certain key figures that have made a decisive contribution to its development, such as the executive directors and other management personnel with multiple years of experience in the sector.
The loss of any of these key figures without an adequate replacement, could have negative repercussions on the Group's outlook, assets and economic and financial results. The Group is also strongly characterised by the extremely high technical skills of its staff.
The future success of its business therefore depends on the continuity of the functions carried out by specialised technical employees, and the ability to attract and retain highly qualified personnel. Within the IT field, personnel costs represent a critical development factor. The difficulties of the Group in managing staff could have an adverse effect on its business, its financial position and operating profits.
(ii) Risks related to sales deadlines and implementation cycles

Sales cycles of the Group's software products demand major investments in terms of time, particularly due to the need to illustrate the potential benefits of the Group's products and provide customer training to allow for the products to be used properly. Negotiations and the consequential requirements arising from the sale of products extend for an average period of time ranging from several months to a year. Furthermore, the implementation process for the Group products often requires the customer to engage human and economic resources for extended periods. Sales activities and adjustment cycles of the product to the customer's computer system may suffer potential delays caused, for example, by the completion of the implementation process on the product itself, unexpected events outside of the Group's control such as sudden budget constraints or the client or business restructuring or, more generally, the complexity of the customer's technical requirements. Any delays due to extended sales cycles or related to the use of the product by the customer could affect business development and the Group's financial position and operating profits.

(iii) Risks related to dependence on customers

The Group offers its products and services to small, medium and large companies operating in different markets. A significant part of the Group's revenue is concentrated on a relatively small number of customers whose potential loss could, therefore, adversely affect future business and the Group's economic and financial position.
Management believes, however, that Group profits do not significantly depend on any specific customer in particular, because these customers update their information systems at different times and with rather long intervals.

(iv) Risks associated with internationalisation

The Group has made significant efforts in recent years as part of its internationalisation strategy and expects that an increasingly large part of its revenue will be generated from foreign customers. Therefore, the Group could be exposed to risks inherent to international operations, which include those relating to changes in economic, political, tax and local regulations, as well as to changes in the currency exchange rate in the case of countries outside the Euro area. The occurrence of adverse developments in these areas could adversely affect the Group's business and future prospects.

(v) Risks relating to breaches in contractual obligations and potential liabilities in respect of customers

Highly complex software products such as those offered by the Group can, even when duly tested, present inefficiencies and anomalies in the installation process and integration into the customer's computer system. These circumstances may damage the image of the company and its products, as well as expose the same to claims for damages suffered by customers and the application of contractual penalties for failure to comply with deadlines and/or quality standards.
Furthermore, the Group may need to allocate significant resources for the implementation of corrective actions and be forced to stop, delay or discontinue the provision of services to the customer.
To date, there have been no significant events of this nature that could lead to conflict in customer relationships.

CAPITAL RISK MANAGEMENT

The Group manages its capital with the aim of protecting its continuity, ensuring returns to shareholders, benefits to stakeholders, and maintaining an optimal capital structure while reducing the relevant costs. In line with industry practices, the Group monitors capital on the basis of the gearing ratio. This index is calculated as the relationship between net debt and net equity. Net debt is calculated by subtracting cash and cash equivalents calculated for the purposes of the cash flow from the remaining financial assets and liabilities shown in the balance sheet. Total capital corresponds with the "net equity" shown in the Consolidated Financial Statements plus net debt, as defined above.

As can be seen from the table below, the Group's gearing ratio is 9%, compared to the negative 19% from the previous year.

	31.12.2017	31.12.2016
Financial assets/liabilities	5,856	3,424
Less: cash and cash equivalents	(3,549)	(7,502)
Net debt (A)	2,307	(4,078)
Net Equity (B)	23,892	25,408
Total Capital [(A) + (B)] = (C)	26,199	21,330
gearing ratio (A)/(C)	**9%**	**-19%**

TRANSACTIONS WITH SUBSIDIARIES, WITH COMPANIES PURSUANT TO ART. 2497-*BIS* OF THE CIVIL CODE AND RELATED PARTIES

With regard to transactions with related parties, including intra-group transactions, it should be noted that these were not classified as atypical or unusual, but rather as part of the Group's normal course of business.

These transactions are regulated at arm's length given the characteristics of the goods and services provided and comply with the OPC Procedure.

Information on related-party transactions, including the information required by Consob Communication of 28 July 2006, is presented in Note 40 of the Consolidated Financial Statements and Note 37 of the Financial Statements.

TREASURY SHARES AND SHARES/SHAREHOLDINGS OF PARENT COMPANIES

During the financial year, the Company did not purchase or sell any treasury shares or parent company shares. The Company does not directly or indirectly retain ownership of treasury shares or parent companies' shares.

The proposal for authorisation to acquire and dispose of treasury shares mainly serves to stabilise trends for the securities, and support liquidity on the market, allowing for a "stock of shares" to be established according to market practices under Consob Resolution 16839/2009.

The Board's proposal requires authorisation for the acquisition:

- over a term of 18 (eighteen) months;
- up to the maximum revolving limit permitted by law of 20% of the share capital;
- up to maximum amount within the limit of the reserves available and the distributable profits resulting from the financial statements at 31 December 2017. The maximum amount for the investment will be assessed by taking into consideration not only the conceivable purchase price, but also the possible disinvestments to be implemented over the period provided for by the acquisition authorisation;
- at a minimum price of not less than 10% in relation to the reference price that the security recorded in the trading session on the day prior to the completion of each transaction, and at a maximum price not higher than 10% in relation to the reference price that the security recorded in the trading session on the day prior to the completion of each transaction; it must also be carried out within the scope of the practices allowed under Consob Resolution 16839/2009, in accordance with the additional price limits stipulated therein;
- in accordance with the requirements of art. 132 of Legislative Decree 58/1998 and art. 144-bis of Consob Regulation 11971/1999, as well as in compliance with any other applicable national and EU regulation and according to pro-tempore applicable market practices.

With regard to the procedures for the disposal of shares acquired, the broadest degree of discretion is granted pursuant to article 2357-ter of the Italian Civil Code. Transactions to dispose of treasury shares may be conducted once or twice, even before having reached the maximum limit that can be purchased, and based on the methods deemed most appropriate in the Company's interests, as well as in accordance with applicable national and EU regulations and pro-tempore applicable market practices.

SUBSEQUENT EVENTS AND EXPECTED BUSINESS OUTLOOK

From the financial year's closing date, it is noted as follows:

- On **15 February 2018**, TAS presented IslandPay, an innovative payment solution created together with the partner PayNoPain, a Spanish start-up, specialising in PCI and payment gateways. IslandPay was developed for Secure Transactions Inc, an emerging Caribbean network solution provider taking advantage of the digital and mobile revolution currently being experienced in Central America.

- On **28 February 2018**, TAS officially inaugurated the Sophia Antipolis technology hub, its second data centre, extending over 200 m^2 installed at the World Trade Centre, Route des Crêtes. With the new 850 m^2 establishment in Traverse du Bruc, the TAS Group has doubled the surface area dedicated to hosting and cloud services, multiplying the number of racks (225) and the number of physical servers (10,000) that can be hosted by 4. The PCI DSS and ISO 9001-2015 certifications for the hosting infrastructure guarantee the provision of mission critical services in the financial sector.

The Board of Directors is paying close attention to market requirements, so as to guide the Group's management and development strategies and maintain high efficiency levels that will make

positive results possible into the future. The creation of specific and targeted Strategic Partnerships are envisaged to ensure non-organic growth in the Group's reference geographic areas (Europe, North and South America), consolidate its offering and presence in strategic areas (Payments, Electronic Money and Capital Markets) and consequently an increased critical mass.
The execution of the 2016-2020 Business and Financial Plan, approved with a view to corporate restructuring, will allow the Group to consolidate and strengthen its position as market leader in certain core areas of the FINTECH market.
Continued improvement and efficiencies in the Digital Software Factory will allow for new high quality products to be released, with increasingly lower development costs.

The new PSD2 and GDPR directives will guarantee that the product offering is extended to the Group's current customers and provide an opportunity to acquire new prospects.

SHAREHOLDINGS HELD BY MEMBERS OF THE ADMINISTRATIVE AND CONTROLLING STRUCTURES, GENERAL MANAGERS AND DIRECTORS WITH STRATEGIC RESPONSIBILITIES

Pursuant to and for the purposes of the provisions of art. 84-quater, paragraph 4 of Consob Regulation 11971/1999 and subsequent amendments, and according to the criteria set out in Annex 3A diagram 7-ter, the shares held in TAS S.p.A. and its subsidiaries by directors and statutory auditors of TAS, as well as spouses not legally separated and minor children, either directly or through subsidiaries, trust companies or nominees, as per the shareholders' register, communications received and other information obtained from same members of the administrative and control bodies, general managers and directors with strategic responsibilities, are indicated in the table below.

Surname and first name	Position	Company in which an interest is held	Number of shares held at the end of the previous year	number of shares acquired	number of shares sold	number of shares held at year end
Dario Pardi and Valentino Bravi	Chairman and Chief Executive Officer	TAS S.p.A.	36,571,108*	36,571,108**	5,401,000***	67,741,216****

* Shares held through the indirect participation in OWL as a result of the extraordinary operation as per the press releases to the market.
** Shares assigned to OWL subsequent to the free capital increase resolved by the TAS Shareholders' Meeting of 1 March 2017, and held through the indirect participation in OWL as per the press releases to the market.
*** Shares sold by OWL during the period as communicated to the market.
**** Shares held through the indirect participation in OWL as per the press releases to the market.

Pursuant to and for the purposes of the provisions of art. 84-quater, paragraph 4 of Consob Regulation 11971/1999 and subsequent amendments, and according to the criteria set out in Annex 3A diagram 7-ter, the shares held in TAS S.p.A. and its subsidiaries by key management personnel of TAS, as well as spouses unless legally separated and minor children, either directly or through subsidiaries, trust companies or nominees, as per the shareholders' register, communications received and other information obtained from same members of the administrative and control bodies, general managers and directors with strategic responsibilities, are indicated in the table below.

Number of directors with strategic responsibilities	**Company in which the interest is held**	**Number of shares or quotas held at the end of the previous year**	**Number of shares acquired**	**Number of shares sold**	**Number of shares or quotas held at year-end**
1	TAS S.p.A.	19,831	12,331*	17,500	14,662
1	TASAMERICAS Ltd	10,088.36	0	0	10,088.36**

* of which 7,331 shares assigned subsequent to the free capital increase resolved by the TAS Shareholders' Meeting of 1 March 2017, as per the press releases to the market.
**equal to 1% of the capital.

FINANCIAL POSITION OF TAS S.P.A.

The tables presented and discussed below have been prepared on the basis of referenced separate financial statements at 31 December 2017, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, and the provisions implementing art. 9 of Italian Legislative Decree 38/2005.

ECONOMIC PERFORMANCE

The table below summarises the key financial results of TAS at 31 December 2017 and the comparison for the same period last year:

TAS (in thousands of Euro)	31.12.2017	31.12.2016	Change	% change
Total Revenue	**56,786**	**43,869**	**12,918**	**29.4%**
- of which core	*38,980*	*37,067*	*1,914*	*5.2%*
- of which resales	*16,463*	*4,677*	*11,785*	*>100.0%*
- of which non-typical	*1,343*	*2,125*	*(781)*	*(36.8%)*
Gross operating margin (EBITDA)*	**4,759**	**3,446**	**1,313**	**38.1%**
% of total revenue	*8.4%*	*7.9%*	*0.5%*	*6.7%*
Operating result	**(2,600)**	**(2,149)**	**(452)**	**21.0%**
% of total revenue	*(4.6%)*	*(4.9%)*	*0.3%*	*(6.5%)*
Net profit/(loss) for the period	**(3,083)**	**(3,188)**	**106**	**(3.3%)**
% of total revenue	(5%)	*(7.3%)*	*1.8%*	*(25.3%)*
Net Financial Position*	**(1,844)**	**3,060**	**(4,904)**	**>(100.0%)**
- of which in respect of banks and other lenders	*(1,844)*	*3,060*	*(4,904)*	*>(100.0%)*

* API (Alternative Performance Indicator)

At 31 December 2017 TAS recorded **Total revenue** equal to Euro 56.8 million, compared to Euro 43.9 million the previous year. Core revenues, consisting of software licenses and related maintenance (34.6%), royalties, usage and SAAS service fees (10.2%), support fees and professional services (55.2%) were up by 5.2%. Non-core revenue at 31 December 2016 also included non-recurring revenue for Euro 0.9 million.

The **Ebitda** of the period, which includes non-recurring income and costs for a total amount of Euro 0.4 million, stood at 4.8 million, an increase compared to Euro 3.4 million at 31 December 2016, which in turn included non-recurring income and costs for a total amount of Euro 0.3 million. This impacted for 8.4% on Total revenue.

The **Operating result** for the period was negative for Euro 2.6 million and was impacted by depreciation and amortisations for Euro 5.1 million and write-downs for Euro 2.3 million, of which Euro 2.2 million related to the impairment test on the shareholding in the subsidiary TAS Helvetia. The result for 2016 was negative for Euro 2.1 million.

The **Net profit for the period** showed a loss of Euro 3.1 million, compared to the loss of Euro 3.2 million in the previous period.

The **Net financial position** went from a positive value of Euro 3.1 million at 31 December 2016 to a negative value of Euro 1.8 million at 31 December 2017. This reflects the investments carried out in the period for two new Group offices (Casalecchio di Reno and Rome), and the projects to develop new products and software solutions across the core business areas (for around Euro 4.6 million).

As shown in the above results, there were non-recurring costs totalling Euro 352 thousand, broken down as follows:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Costs of services"	(40)	Consulting for AUCAP operation
Total	**(40)**	
"Other costs"	(312)	Dispute with former employee and customer
Total	**(312)**	
TOTAL NON-RECURRING COSTS	**(352)**	

Costs of services mainly refer to legal consulting provided by leading companies regarding the free capital increase.

Other costs were represented by a dispute with a former employee and one with a customer.

For comparative purposes, please find attached the statement of non-recurring income and costs for the year 2016:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Other revenue"	990	Income deriving from a dispute with a supplier
Total	**990**	
"Costs of services"	(634)	Consulting for financing renegotiation
Total	**(634)**	
"Other costs"	(63)	Costs for early retirement
Total	**(63)**	
TOTAL NON-RECURRING COSTS	**292**	

Other revenues relate to the economic benefit of Euro 990 thousand from the settlement agreement, signed on 22 December 2016, with a supplier for supplies that were the subject of a dispute due to a judgement in favour of the Company in first instance proceedings.

Costs of services mainly include legal and financial consulting provided by leading companies to assist with the drafting of the business plan and the consequent pool financing renegotiation made necessary subsequent to the breach of covenants stipulated in the above contract.

Other costs referred to the last transactions for staff early retirement incentives and related costs resulting from the company restructuring operations of 2015.

BALANCE SHEET

The Balance Sheet for the Parent Company can be summarised in the following table:

TAS (in thousands of Euro)	31.12.2017	31.12.2016
Non-current assets	30,032	31,224
Net working capital	5,761	2,653
Non-current liabilities	(4,290)	(4,210)
Net Invested Capital	**31,503**	**29,666**
Net financial position in respect of banks	**1,844**	**(3,060)**
Shareholder financing	**-**	**-**
Total net equity	**29,658**	**32,726**
- of which profit for the period	*(3,083)*	*(3,188)*

NON-CURRENT ASSETS

Non-current assets (API) are broken down as follows:

- Euro 15,393 thousand relating to the TAS Units *goodwill*, of which Euro 12,947 thousand in respect of business units acquired on 1.08.2006 from the former holding company C.I.B. Srl and Euro 2,446 thousand relating to the former company DS Finance Srl, merged in 2007 (Euro 15,393 thousand at 31 December 2015).
- Euro 5,008 thousand for other intangible fixed assets refer mainly to internally developed software (Euro 4,474 thousand at 31 December 2016);
- Euro 870 thousand related to tangible fixed assets (Euro 754 thousand at 31 December 2016);
- Euro 8,643 thousand relating to the controlling interests of the Group, with the drop attributable to the impairment of shareholdings in the Swiss subsidiary referred to above (Euro 10,480 thousand at 31 December 2016);
- Euro 67 thousand relating to the shareholding in SIA S.p.A. (same amount at 31 December 2016);
- Euro 51 thousand relating to other receivables (Euro 57 thousand at 31 December 2015).

NET WORKING CAPITAL

Net working capital (API) included:

- Euro 35,986 thousand relating to trade receivables and inventories, with the increase attributable to turnover for the period (Euro 21,806 at 31 December 2016);
- Euro 4,410 thousand relating to other receivables including trade accruals and deferrals receivable (Euro 3,884 thousand at 31 December 2016);
- Euro 17,676 thousand relating to trade payables, with the increase attributable trade during the period (Euro 9,348 at 31 December 2016);
- Euro 16,958 thousand relating to other payables including trade accruals and deferrals payable (Euro 13,689 thousand at 31 December 2016).

NON-CURRENT LIABILITIES

Non-current liabilities (API) included:

- Euro 3,838 thousand related to the employee severance indemnity provision (Euro 4,070 thousand at 31 December 2016);
- Euro 453 thousand relating to provisions for risks and charges (Euro 140 thousand at 31 December 2016).

NET EQUITY

At 31 December 2017, net equity was equal to Euro 29,658 thousand compared to Euro 32,726 thousand at 31 December 2016.

NET FINANCIAL POSITION

Pursuant to the requirements set out in Consob Communication no. 15519 of 28 July 2006, the financial position of the Group was as follows:

Statutory Net Financial Position	***NOTES***	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents		(2)	(2)
B. Bank and postal deposits		(2,128)	(6,583)
C. Securities held for trading		-	-
D. Cash and cash equivalents (A) + (B) + (C)		**(2,130)**	**(6,585)**
E. Current financial receivables		**(21)**	**(21)**
of which in respect of related parties		-	-
F. Current bank payables		4	7
G. Current portion of medium to long-term bank borrowings		-	-
H. Current financing from Shareholders		-	-
I. Other current financial payables		-	-
of which in respect of related parties		-	-
J. Payables and other current financial liabilities (F) + (G) + (H) + (I)		**4**	**8**
K. Current net financial debt (D) + (E) + (J)		**(2,147)**	**(6,598)**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		4,297	4,038
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		-	-
P. Net non-current financial debt (L) + (M) + (N) + (O)		**4,297**	**4,038**
Q. Net financial debt CESR (K) + (P) (*)		**2,151**	**(2,560)**
R. Non-current financial receivables		**(306)**	**(500)**
S. Net financial debt(Q) + (R)		**1,844**	**(3,060)**
of which excludes Shareholder financing		*1,844*	*(3,060)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004.

The *Net financial position* was negative for Euro 1.8 million, compared to the positive Euro 3.1 million at 31 December 2016.

RECONCILIATION OF NET EQUITY

The reconciliation between net equity and the profits of the Parent Company and the corresponding consolidated figures is as follows:

	31 December 2017		31 December 2016	
(in thousands of Euro)	***Net Equity***	***Profit***	***Net Equity***	***Profit***
Net equity and profit for the year as reported in the Parent Company's Financial Statements	**29,658**	**(3,083)**	**32,726**	**(3,188)**
Elimination of the book value of consolidated equity investments				
a) difference between book value and pro-quota value of equity	(6,917)	2,180	(8,775)	79
b) pro-rata profit of subsidiaries	(286)	(286)	(4)	(4)
c) carrying value and capital gains/losses attributed at the date of acquisition of subsidiaries	2,020	-	2,020	-
Elimination of the effects of transactions between consolidated companies	(582)	(301)	(615)	(226)
Effect of changes in exchange rates of foreign currencies	430	-	485	-
Other changes	(431)	-	(429)	(1)
Net Equity and profit/(loss) for the year attributable to the Group	**23,892**	**(1,490)**	**25,408**	**(3,340)**
Net Equity and profit for the year attributable to third parties	2	(4)	6	-
Consolidated net equity and profit	**23,894**	**(1,494)**	**25,414**	**(3,340)**

OTHER INFORMATION

Management systems

The Company adopted and maintains a **Quality Management System,** compliant with UNI EN ISO 9001:2015 regulation, for the design, development, installation, support and maintenance of infrastructure and application software for payment systems, electronic money, bank services, financial markets, public administration and IT consulting on the products supplied. Design and provision of *Data Centre Hosting* and *Housing* services.

During 2017, TAS S.p.A. successfully passed the Audits by the Certification Authorities to renew and maintain existing certification.

Note on branches

The Company has six branches where software development and maintenance activities are conducted:

- Milan, Via Famagosta No. 75 – Italy;
- Verona, Via Francia no. 21 - Italy
- Casalecchio di Reno (BO), Via del Lavoro, 47 – Italy
- Siena, Via Girolamo Gigli No. 2 - Italy
- Parma, Via Colorno No. 63/A - Italy

– Genoa, Via De Marini 1 - Italy (following the purchase with an effective date of 1 March 2017 of the business unit called Digital Software Factory by Content Interface)

PROPOSAL FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AND ALLOCATION OF THE PROFIT/(LOSS) FOR THE 2017 FINANCIAL PERIOD

Dear Shareholders,
We believe that the Management Report in support of the Company's Financial Statements and the Consolidated Financial Statements of the TAS Group provide a comprehensive representation of the trends and results achieved in 2017.
Considering that the Financial Statements of TAS S.p.A. reported a net loss for the period of Euro 3,082,529, the Board of Directors proposes carrying this forward.

For the Board of Directors

Chief Executive Officer

VALENTINO BRAVI

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 December 2017

FINANCIAL STATEMENTS

Consolidated Balance Sheet	**Notes**	**31.12.2017**	**31.12.2016**
Intangible fixed assets	**10**	22,464	22,066
- Goodwill		*17,412*	*17,412*
- Other intangible fixed assets		*5,052*	*4,654*
Tangible fixed assets	**11**	3,083	1,157
Investments and other securities	**12**	68	68
Financial fixed asset receivables	**13**	489	663
Deferred tax receivables	**14**	454	372
Other receivables	**15**	51	57
Total non-current assets		**26,608**	**24,383**
Net inventories	**16**	4,123	3,144
Trade receivables	**17**	36,552	22,848
(of which trade accruals and deferrals)		*4,355*	*3,660*
Other receivables	**18**	227	333
Receivables for current taxes on income	**19**	1	169
Equity investments and other current securities		-	93
Financial receivables	**20**	31	32
Cash and cash equivalents	**21**	3,549	7,502
Total current assets		**44,482**	**34,120**
TOTAL ASSETS		**71,090**	**58,503**
Share capital		24,331	14,331
Other reserves		18,843	28,869
Profit/(loss) of previous years		(17,792)	(14,452)
Profit (loss) for the period		(1,490)	(3,340)
Group net equity	**22**	**23,892**	**25,408**
Capital and reserves attributable to third parties		6	6
Profit/(loss) attributable to third parties		(4)	0
Net equity attributable to third parties		**2**	**6**
Consolidated net equity		**23,894**	**25,414**
Employee severance indemnity provision	**23**	4,718	4,954
Provisions for risks and charges	**24**	476	163
Financial payables	**25**	6,149	4,053
Total non-current liabilities		**11,343**	**9,170**
Trade payables	**26**	27,156	16,537
(of which trade accruals and deferrals)		*9,466*	*7,213*
(of which in respect of related companies)		*119*	*153*
Other payables	**27**	8,471	7,219
Current income tax payables	**28**	1	3
Financial payables	**29**	226	160
Total current liabilities		**35,854**	**23,919**
TOTAL LIABILITIES AND NET EQUITY		**71,090**	**58,503**

Consolidated Income Statement	***Notes***	***31.12.2017***	***31.12.2016***
Revenue		59,502	45,493
Work in progress		874	581
Other revenue		1,032	1,892
(of which non-recurring)		-	*990*
Total revenue	**31**	**61,407**	**47,966**
Raw material consumables		(15,089)	(4,346)
Personnel costs		(25,091)	(23,372)
Costs of services		(13,658)	(13,925)
(of which non-recurring)		*(40)*	*(634)*
(of which in respect of related companies)		*(298)*	*(386)*
Other costs		(2,965)	(2,738)
(of which non-recurring)		*(312)*	*(162)*
Total costs	**32**	**(56,803)**	**(44,381)**
Depreciation and amortisation	**33**	(5,400)	(5,937)
Write-downs	**33**	(136)	(117)
Operating result		**(931)**	**(2,470)**
Financial revenue		39	45
Financial charges		(572)	(1,050)
Results of financial management	**34**	**(534)**	**(1,004)**
Profit/(loss) before tax		**(1,465)**	**(3,475)**
Taxes	**35**	(29)	135
Profit/(loss) from continuing operations		**(1,494)**	**(3,339)**
Profit/(loss) from non-continuing operations		-	-
Profit/(loss) for the year		**(1,494)**	**(3,339)**
Net profit/(loss) attributable to third parties		(4)	1
Net profit/(loss) attributable to the Group		**(1,490)**	**(3,340)**
Earnings per share	**36**		
- base		**(0.02)**	**(0.08)**
- diluted		**(0.02)**	**(0.08)**

Comprehensive Consolidated Income Statement	***31.12.2017***	***31.12.2016***
Net profit/(loss) for the year (A)	**(1,494)**	**(3,339)**
Other profits/(losses), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss):		
Actuarial profit/(loss) on defined benefit plans	33	(350)
Tax effect	(4)	39
Total Other profit/(loss), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss) (B1)	**29**	**(311)**
Other profits/(losses) that will subsequently be reclassified in the financial year profit/(loss):		
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	(55)	57
Tax effect	-	-
Total Other profit/(loss), net of tax effect that will subsequently be reclassified in the financial year profit/(loss) (B2)	**(55)**	**57**
Total Other profit/(loss), net of tax effect (B1 + B2=B)	**(26)**	**(255)**
Total Profit/(loss) (A) + (B)	**(1,520)**	**(3,594)**
Total Profit/(loss) attributable to:		
Shareholders of parent company	**(1,516)**	**(3,595)**
Third-party interests	**(5)**	**1**

Consolidated Cash Flow Statement	***Notes***	***31/12/2017***	***31/12/2016***
Profit/(loss) for the year		(1,494)	(3,339)
Amortisations and depreciations	**33**	5,536	6,055
Change to employee severance provision	**23**	(211)	(167)
Change in provisions for risks and charges	**24**	312	(263)
Payment of income taxes		(94)	(83)
Other non-monetary changes		391	240
Decrease/(increase) in inventories and other current assets		(14,621)	(977)
Increase/(decrease) in accounts payable and other liabilities		11,868	(1,123)
Cash flow from operating activities		**1,686**	**342**
Change in intangible fixed assets	**10**	(4,989)	(4,796)
Change in tangible fixed assets	**11**	(2,735)	(793)
Transfer 1% of TASAMERICAS		-	2
Change in securities		93	-
Cash flow from investments		**(7,631)**	**(5,587)**
Change to financial fixed asset receivables	**13**	174	(109)
Change to other financial payables	**25/29**	1,904	(34)
Paid financial charges		(87)	(114)
Payment to a future share capital increase	**22**	-	10,000
Cash flow from financing		**1,992**	**9,743**
Change in cash and cash equivalents		**(3,953)**	**4,497**
Cash and cash equivalents - initial balance		**7,502**	**3,005**
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	**21**	**3,549**	**7,502**

Statement of changes in Consolidated Net Equity

€ thousand	***Share capital***	***Conv. res.***	***Res. Extr.***	***Res. IAS 19***	***Fut. inc. cap.res***	***Cap. contr. res.***	***Fair value reserve***	***Profit/(loss) carried forward***	***Profit/(loss) for the year***	***Tot. Group net equity***	***Cap. and Minority Share Res.***	***Minority share***	***Tot. Third party net equity***	***Total net equity***
Balances at 31 December 2015	**14,331**	**1,586**	**(18)**	**(929)**	**-**	**-**	**-**	**(5,745)**	**(8,705)**	**520**	**-**	**-**	**-**	**520**
allocation of 2015 profit								(8,705)	8,705	-	-	-	-	-
release from debt and payments for future capital increase	-		-		10,000	20,000	(1,515)	-		28,485				28,485
profit from comprehensive profit and loss account		55		(311)					(3,340)	(3,595)	1	0	1	(3,594)
change in consolidation scope								(2)		(2)	5		5	3
Balances at 31 December 2016	**14,331**	**1,642**	**(18)**	**(1,240)**	**10,000**	**20,000**	**(1,515)**	**(14,452)**	**(3,340)**	**25,408**	**6**	**0**	**6**	**25,414**
allocation of 2016 profit								(3,340)	3,340	-	0	(0)	-	-
free capital increase	10,000		-		(10,000)	-	-	-		-				-
profit from comprehensive profit and loss account		(55)		29					(1,490)	(1,516)	(0)	(4)	(5)	(1,520)
change in consolidation scope								-		-			-	-
Balances at 31 December 2017	**24,331**	**1,587**	**(18)**	**(1,211)**	**-**	**20,000**	**(1,515)**	**(17,792)**	**(1,490)**	**23,892**	**6**	**(4)**	**2**	**23,894**

EXPLANATORY NOTES

INTRODUCTION

TAS Tecnologia Avanzata dei Sistemi S.p.A. (hereinafter “Tas”, the “Company” or the “Parent Company”) is a joint-stock company [*società per azioni*] listed on the Milan Stock Exchange [Borsa Italiana S.p.A] on the standard segment of the MTA market. It is held for 81.091% by OWL S.p.A. (formerly TASNCH Holding), a subsidiary held indirectly by Dario Pardi, also Chairman of the Board of Directors of TAS and by Valentino Bravi, Chief Executive Officer of the Company, by their family members and a group of investors.

The Consolidated Financial Statements at 31 December 2017 include TAS and its subsidiaries (hereafter referred to as the “Group”).

These Financial Statements were prepared by the Board of Directors on 21 March 2018, for approval by the Shareholders’ Meeting called for 26 April 2018 at the first call, and 30 April 2018 at the second call.

1) INFORMATION REQUIRED BY CONSOB PURSUANT TO ART. 114 OF ITALIAN LEGISLATIVE DECREE 58/98

Based on the Consob notification received on 23 June 2017, the Company is no longer required to provide supplementary disclosures on a monthly basis, pursuant to Art. 114, paragraph 5 of Legislative Decree 58/98 (“TUF”), thus no longer forming part of the black list. As a replacement for these obligations, Consob has asked the Company to provide supplementary information as from the interim financial report at 30 June 2017 in its annual and half-year financial reports and in interim management reports (when published on a voluntary basis), and where applicable, in press releases referring to the approval of the aforementioned accounting documentation:

a) net Financial Position of the Company and Group under which it falls, with details of the short-term component separate from the medium-long term

The Company’s *Net financial position* was negative for Euro 1.8 million, compared to the positive Euro 3.1 million at 31 December 2016.

Statutory Net Financial Position	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	(2)	(2)
B. Bank and postal deposits	(2,128)	(6,583)
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**(2,130)**	**(6,585)**
E. Current financial receivables	**(21)**	**(21)**
of which in respect of related parties	-	-
F. Current bank payables	4	7
G. Current portion of medium to long-term bank borrowings	-	-
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	-
of which in respect of related parties	-	-

J. Payables and other current financial liabilities (F) + (G) + (H) + (I)	**4**	**8**
K. Current net financial debt (D) + (E) + (J)	**(2,147)**	**(6,598)**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	4,297	4,038
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	-	-
P. Net non-current financial debt (L) + (M) + (N) + (O)	**4,297**	**4,038**
Q. Net financial debt CESR (K) + (P) (*)	**2,151**	**(2,560)**
R. Non-current financial receivables	**(306)**	**(500)**
S. Net financial debt(Q) + (R)	**1,844**	**(3,060)**
of which excludes Shareholder financing	*1,844*	*(3,060)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

The Group's *Net financial position* was negative for Euro 2.3 million, compared to the positive Euro 4.1 million at 31 December 2016.

Consolidated Net Financial Position	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	(7)	(4)
B. Bank and postal deposits	(3,542)	(7,498)
C. Securities held for trading	-	(93)
D. Cash and cash equivalents (A) + (B) + (C)	**(3,549)**	**(7,595)**
E. Current financial receivables	**(31)**	**(32)**
F. Current bank payables	55	153
G. Short-term portion of medium to long-term bank borrowings	171	-
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	7
of which in respect of related parties	-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**226**	**160**
K. Current net financial debt (D) + (E) + (J)	**(3,354)**	**(7,467)**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	5,197	4,038
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	952	15
P. Net non-current financial debt (L) + (M) + (N) + (O)	**6,149**	**4,053**
Q. Net financial debt CESR (K) + (P) (*)	**2,796**	**(3,414)**
R. Non-current financial receivables	**(489)**	**(663)**
S. Net financial debt(Q) + (R)	**2,307**	**(4,078)**
of which excludes Shareholder financing	*2,307*	*(4,078)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

b) The outstanding debt of the Company and the Group it falls under, broken down by type (financial, commercial, tax, social security and in respect of employees) and the related initiatives as a response from creditors (reminders, injunctions, supplies suspended etc.)

At 31 December 2017, the Parent Company had past due trade payables, including those falling due at 31 December, for Euro 1,523 thousand of which Euro 342 thousand in respect of subsidiaries/the parent company. No creditor has undertaken response action. The lowest past due is at 30 days for Euro 787 thousand. At 31 December 2017, there were no payables outstanding of a financial nature, relating to tax and/or social security or in respect of employees.

As far as the companies in the Group are concerned:

- TAS Helvetia S.a.: has no past due debts of any kind;
- TAS France S.a.s.u.: has no past due debts of any kind;
- TASAMERICAS Ltda: at 31 December 2017, had Euro 430 thousand outstanding in respect of the Parent Company TAS S.p.A.. There were no other past due debts of any kind;
- TAS Iberia S.l.u.: at 31 December 2017 has trade payables outstanding for Euro 104 thousand, of which Euro 51 thousand past due by less than 30 days. At 31 December 2017, there was also Euro 328 thousand outstanding in respect of the Parent Company TAS S.p.A.;
- TAS USA Inc.: the American subsidiary has no past due debts.
- TAS Germany GMBH: at 31 December 2017, had Euro 116 thousand outstanding in respect of the Parent Company TAS S.p.A.. There were no other past due debts of any kind.

c) the main changes in relations with the related parties of this Company and the Group it falls under, compared to the last approved annual or interim financial statements pursuant to art. 154-*ter* of the TUF

Relations with the Company and Group's related parties detailed under Note 40 in this section, have not undergone substantial changes and are in line with the interim financial report at 30 June 2017.

d) possible lack of compliance regarding covenants, negative pledges and other debt clauses for the Group involving restrictions in the utilisation of financial resources, with confirmation and updated date of level of compliance of said clauses

The current agreement between TAS-Banks signed on 17 May 2016 and effective from 4 August 2016 under a restructuring plan pursuant to Art. 67, paragraph 3 letter d) of Royal Decree 267/1942, concluded between the Banks and TAS on 17 May 2016 ("the TAS-Banks Agreement") requires compliance with the following financial parameters, to be calculated at the end of each financial period (31 December):

	EBITDA[6]	**Net Equity**
31.12.2017	3,131.00	16,233.00
31.12.2018	4,454.00	16,499.00
31.12.2019	6,287.00	19,495.00

[6] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined on page 12 of this document, is adjusted to eliminate the impact of the costs related to the Operation, the extraordinary costs generated by exceptional events and provisions for risks and charges.

31.12.2020	7,797.00	23,113.00

According to the TAS Banks Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2017, the financial parameters had been complied with.

e) the implementation status of the business plan, highlighting possible disparities between actual and forecast figures.

The table below compares the main indicators with the final results at 31 December 2017:

In millions of Euro	Final data	Plan data	Delta
Total revenue	61.4	48.5	12.9
Total operating costs	(61.4)	(49.7)	(11.7)
Gross operating margin (EBITDA)	(0.0)	(1.2)	1.2
R&D costs	4.6	4.1	0.5
MOL + R&D costs	4.6	2.9	1.7
Operating result	(0.9)	(1.9)	1.0
Net profit	(1.5)	(2.3)	0.8
Net financial position	(2.3)	(0.6)	(1.7)

Final data at 31 December 2017 record increases in the volumes of revenue and costs in relation to the plan (including revenue pertinent to hardware and software resales to third parties for Euro 16.5 million and the relevant costs for Euro 16 million). Final data in terms of the gross operating margin was higher by Euro 1.7 million compared to the 2016-2020 Business Plan (based on the TAS-Banks agreement referred to above). The net financial position worsened compared to the Plan by Euro 1.7 million. This decrease is essentially due to the investment for the Data Centre in France.

Based on what has been set out above, the suppositions underlying the preparation of the 2016-2020 Business Plan ("Plan") and the relevant financial operations included in the aforementioned TAS-Banks agreement are confirmed. These suppositions are still deemed current on the basis of the final data for 2017 that has improved in relation to the Plan data. On this premise, the Directors evaluated whether the supposition of a going concern was applicable to the preparation of the consolidated financial statements, concluding that this was adequate as there were no doubts regarding business continuity.

2) VALUATION CRITERIA

REFERENCE ACCOUNTING STANDARDS

The 2017 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and the measures implementing Art. 9 of Italian Legislative Decree 38/2005. IFRS also means the currently applicable International Accounting Standards (IAS) and all of the interpretation documents issued by the IFRS Interpretations Committee, formerly known as International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee before that (SIC).

The Financial Statements were prepared on the basis of the historic cost principle, modified where required for the valuation of certain assets and liabilities, where the fair value principle was applied, and the assumption of a going concern, as detailed under paragraph 1) Information required by Consob pursuant to art. 114 of Italian Legislative Decree 58/98.

FINANCIAL STATEMENTS

The Consolidated Financial Statements are presented in thousands of Euro.
Accounting policies have been uniformly applied in all Group companies and for all the periods presented.
The Financial Statements adopted by the Group have the following characteristics:

- in the Consolidated Balance Sheet, assets and liabilities were analysed according to when they fall due, separating current and non-current items with due dates within or after 12 months from the date of the Financial Statements, respectively. Pre-paid and deferred taxes were offset per country and recorded under the assets or liabilities in the Financial Statements according to the net deferred taxes for each country;
- the Consolidated Income Statement and the Consolidated Comprehensive Income Statement were presented with the different items analysed based on their nature;
- the Statement of changes in the consolidated equity statements were prepared in accordance with IAS 1 provisions;
- the Consolidated Cash Flow Statement shows consolidated cash flows based on the "indirect method", as permitted by IAS 7.

It should be noted that, with reference to Consob Resolution no. 15519 of 27 July 2006 on Financial Statements, the Balance Sheet provides information on transactions with related parties and the Consolidated Income Statement on non-recurring income items (whether positive or negative).

<u>Use of estimates and assumptions in preparing the Consolidated Financial Statements</u>

The preparation of the Consolidated Financial Statements also requires the use of estimates and assumptions that can determine significant effects on the values posted on the balance sheet and income statement, as well as on the disclosure relative to the potential liabilities and assets stated on the financial statements. The production of such estimates involves the use of available information and the adoption of subjective assessments based on past experience, which are used to formulate reasonable assumptions for the recognition of operations. By their nature, these estimates and assumptions may change from year to year and, therefore, cannot be excluded that, in future years, the current values entered in the Financial Statements may differ significantly as a result of changes in the subjective valuations.

The main areas where subjective judgments by management were required include:

- the quantification of losses for impairment of loans and, generally, other financial assets;
- the determination of fair value of financial instruments;
- an assessment on whether the goodwill, other intangible fixed assets and investments are appropriate (it is noted that, due to the importance of this particular item, a sensitivity analysis was carried out. Reference is made in this regard to Note 9);
- an estimate of contract costs for WIP on order based on the criteria relating to the completed percentage;
- the quantification of severance indemnity provisions and the risks and charges provisions;
- estimates and assumptions relating to the recognition of deferred tax receivables.

The description of the accounting principles applied to the main items in the Financial Statements provides the information needed to identify the main assumptions and subjective judgments used in preparing the Consolidated Financial Statements. Reference is made to the specific sections of the Notes for more information and details on the item's composition and amounts involved in these estimates.

CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements include the Financial Statements of TAS and those of companies over which TAS exercises direct or indirect control.

Subsidiaries

IFRS 10 provides a new definition of control: a company has control of a subsidiary when it is exposed, or has rights to the returns based on its involvement in the management of the latter and if the power exercised by the company could affect the subsidiary's returns. The exercising power over the subsidiary stems from the rights that make it possible for TAS to manage the subsidiary's significant assets in its own interests. Subsidiaries are consolidated as from the date on which control is effectively acquired by the Group.
Changes in the shareholdings held by the Group in subsidiaries that do not involve the loss of control are recorded as net equity transactions.
The Net Equity book value attributed to shareholders of the parent company and the relevant third-party interests were adjusted to reflect the change in the shareholding. Any difference between the book value of the relevant third-party interests and fair value of the fee paid or received was recorded directly in Net Equity and allocated to the Net Equity relating to the relevant parent company shareholders.

Transactions eliminated on consolidation

In preparing the Consolidated Financial Statements, all balances and transactions entered into between Group companies were eliminated. Similarly, for unrealised profits and losses on inter-company transactions.

Consolidation of foreign subsidiaries

All assets and liabilities of foreign subsidiaries in currencies other than the Euro that fell within scope of consolidation were converted using the exchange rate applicable at the Financial Statements date (current exchange rate method). Income and expense items were converted at the average exchange rate for the period. Exchange rate differences resulting from the application of this method were recorded in the Comprehensive Income Statement and accumulated in the specific equity reserve until the investment was sold. In preparing the Consolidated Cash Flow Statement, cash flows of foreign subsidiaries were converted using exchange rates that approximate the effective ones.
Goodwill and fair value adjustments resulting from the acquisition of foreign companies were recorded in the relevant currency and converted using the exchange rate at the end of the period.
On first-time adoption of IAS/IFRS (1 January 2004), the cumulative conversion differences arising from the consolidation of foreign subsidiaries outside the Euro area were cleared, as permitted by IFRS 1.
Capital gains/losses on the subsequent disposal of said companies will only include the cumulative conversion differences arising after 1 January 2004.

The exchange rates used were as follows:

Currency	Average		Close	
	2017	2016	2017	2016
Swiss Franc	1.111	1.090	1.170	1.074
Brazilian Real	3.604	3.862	3.973	3.430
US dollar	1.129	1.106	1.199	1.054

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not individually identified and separately recognised, or it is determined as the positive difference between the consideration transferred (equal to the fair value at the acquisition date) and the net amounts at the date of acquisition of the assumed identifiable assets and liabilities. It should be noted that if the difference is negative, a gain is recognised in the Income Statement.
It is entered in the balance sheet as an intangible asset.
Goodwill is recorded at cost and is not amortised but is subject to impairment tests once a year or more frequently if any events or changes in circumstances indicate possible losses in value (impairment losses), according to the provisions of IAS 36 – Impairment of assets.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In the context of First-time Adoption IAS/IFRS, it was decided not to apply IFRS 3 retrospectively to the business combinations that occurred before 1 January 2005; as a consequence, goodwill arising on acquisitions before the date of transition to IFRS was retained at the previous Italian GAAP amounts, subject to impairment testing at that date.

Research and development expenses

Research costs were charged to the Income Statement at the time the cost was incurred on the basis of IAS 38.
When the costs incurred in respect of software development meet the following conditions, they are recognised as an intangible assets on the asset side of the balance sheet.
Capitalisation begins when the company can demonstrate:

a) the technical possibility of completing the software solution so that it is available for use or sale;
b) its intention to complete the software solution to use it or sell it;
c) its ability to use or sell the software solution;
d) the procedure to generate future economic profits, e.g., by demonstrating the existence of a market for any software-based product or for software itself, or its internal use;
e) the availability of adequate technical, financial and other resources to complete the development of software and the use or sale of the software;
f) the ability to reliably assess the cost attributable to the software during the development phase.

The amortisation of capitalised software development costs is based on a systematic criterion from the initial product availability for use through to the estimated useful life, which is normally three years. The straight-line method is the chosen amortisation approach.

Other intangible fixed assets

Other intangible assets are recognised as assets in accordance with IAS 38 – *Intangible fixed assets*, when it is probable that the use of said assets will generate future economic benefits and if their costs can be reliably measured. Assets are valued at purchase cost and amortised on a straight-line basis over their estimated useful life.

The useful life for each category is as follows:

CATEGORY	**RATES**
Goodwill	Indefinite useful life
Development costs	33%
Industrial patent rights	20%
Trademarks	10%

TANGIBLE FIXED ASSETS

Property, plants and machinery

Tangible fixed assets are recognised at cost and entered at the purchase price or cost of production including the directly attributable ancillary costs necessary to make the assets available for use.

Assets acquired under financial leases, where all the risks and benefits of ownership are substantially transferred to the Company, are classified as tangible assets at their fair value or, if lower, at the present value of minimum lease payments under the lease. The corresponding liability to the lessor, equal to the capital portion of future lease payments, is recognised under financial liabilities. If there is no reasonable certainty that the right of redemption can be exercised, the asset is depreciated over the life of the lease, if shorter than the asset's useful life.
Leases where the lessor substantially retains all the risks and benefits of ownership are classified as operating leases. The costs of operating leases are recognised in the Income Statement over the term of the lease contract.
On 1 January 2019, the new **IFRS 16 - *Leases*** standard will come into effect, replacing IAS 17 - *Leases*. For further details, please refer to Note 4 below.

Tangible assets are systematically depreciated on a straight-line basis throughout their useful life, with this understood as the estimated period in which the asset will be used by the company. Should tangible fixed assets consist of several components with different useful lives, depreciation is calculated separately for each component. The depreciation value is represented by the recognition value less the presumed net value of disposal at the end of its useful life, if significant and reasonably determinable.

When events occur that lead to expectations of an impairment in the value of tangible assets, their recoverability is verified by comparing the recognition and value against the related recoverable value, represented by the higher of the fair value, net of disposal costs, and the value in use.

In the absence of any binding sale agreement, fair value is estimated on the basis of the values expressed by an active market, by recent transactions, or on the basis of the best information available to reflect the amount that the company could obtain from selling the assets.
The value in use is determined by discounting the expected cash flows deriving from use of the assets and, if significant and reasonably determinable, from its disposal at the end of its life. Cash flows are determined on the basis of reasonable and documented assumptions representing the best estimate of future economic conditions during the asset's remaining life. Discounting takes place at a rate that takes into account the implicit risk in the business sector.
Should the grounds for impairment lapse, the assets would be revalued and the adjustment recognised in the Income Statement as a revaluation (reversal of impairment) up to the amount of the write-down, or the lower of the recoverable value and the carrying value before previous write-downs and reduced by the depreciation had it not been written down.
Depreciation begins when the asset is available for use, taking into account the actual time that condition is realised.

The rates applied by the Company are as follows:

CATEGORY	**RATES**
Specific plants and machinery	15%
Equipment:	15%-20%-25%
Other assets:	
- Cell phones	25%
- Furniture and furnishings	12%
- Electronic office machinery	40%
- Hardware	40%

Impairment of assets (impairment test)

Goodwill, intangible assets with an indeterminate life, and current development costs are subjected to a systematic impairment test, at least once a year or whenever indications of value impairments arise.
Tangible fixed assets and equity investments in subsidiaries, affiliates and joint ventures, as well as intangible fixed assets subject to amortisation undergo an impairment test, whenever impairment indicators occur, and in any case at least once a year.
The reductions in value correspond to the difference between the book value and the recoverable value of an asset. The recoverable value is the higher of the fair value of an asset or a cash generating unit, less the sale costs, and its value in use, defined on the basis of discounted future cash flows. The value in use is the sum of the cash flows expected from the use of an asset, or their sum in the case of cash-generating units.
The discounting of the expected cash flows is carried out according to the weighted average cost of capital (WACC). If the recoverable value is less than the book value, it is entered at the recoverable value, and the impairment in value is recorded on the Income Statement. If the value impairment of the assets (excluding goodwill) ceases to exist, the book value of the assets (or CGU) is increased up to the new estimate of the recoverable value without exceeding the original value.

FINANCIAL ASSETS

Financial assets are removed from the balance sheet when there is no longer any right to receive cash flows from the related asset, and the company has essentially transferred all the risks and benefits to it, and the related control.
On 1 January 2018, the new **IFRS 9 *Financial Instruments*** standard comes into effect, introducing new criteria for the classification and valuation of financial assets and liabilities. For further details, please refer to Note 4 below.

Loans and receivables

These financial instruments mainly consist of trade receivables, non-derivatives, not listed on an active market, which expected to yield fixed or determinable payments. They are entered under the current section with the exception of those expiring more than twelve months after the balance sheet date, in which case they are classified in the non-current section. These assets are valued at cost amortised on the basis of the effective interest rate method. If there is are clear indications of value impairments the asset value is reduced so that it is equivalent to the future flows obtainable in the future. Value impairments are recorded in the Income Statement. If, in subsequent periods, the reasons for the previous write-downs no longer exist, the asset value is restored up to the value that would have resulted from application of the amortised cost, had no write-down taken place.

Investments held to maturity

The Group does not hold these types of investments at the date of the Financial Statements.

Investments available for sale

The Group does not hold these types of investments at the date of the Financial Statements.

Financial assets measured at fair value through profit or loss

These are financial assets acquired mainly with the aim of making a profit from short-term price fluctuations or designated as such from the outset.
They are entered at fair value and the related changes for the period are recognised in the Income Statement.
The fair value of listed securities is based on current market prices.

Derivative financial instruments

The Group does not hold these types of instruments at the date of the Financial Statements.

Work in progress on order

This relates to Work in Progress on order, for installation activities and services subject to completion.
They are entered in accordance with the completion percentage and provisions of IAS 11 – Construction contract; the costs, revenue and resulting margins are entered in the Income Statement according to the works' stage of completion. The stage of completion of goods or services is valued reliably using the cost-to-cost method: the margin is recorded by taking into account the proportion between the order costs incurred during the year and the total costs incurred, plus the estimated costs needed to finish. If it is likely that the total order costs will exceed the total order revenue, the expected loss is immediately entered as a cost regardless of the stage of completion.

On 1 January 2018 the new **IFRS 15 - *Revenue from Contracts with Customers*** standard comes into effect, setting a new model for recognising revenue. For further details, please refer to Note 4 below.

Cash and cash equivalents

Cash and cash equivalents include liquid assets, bank and postal deposits.

FINANCIAL LIABILITIES

As from 1 January 2018, the new **IFRS 9 *Financial Instruments*** standard comes into effect, introducing new criteria for the classification and valuation of financial assets and liabilities. For further details, please refer to Note 4 below.

Financial liabilities measured at fair value through profit or loss

The Group does not hold these types of liabilities at the date of the Financial Statements.

Financial liabilities valued at amortised cost

Financial liabilities are recorded initially at the cost corresponding to the fair value. Subsequently, financial liabilities held until maturity are valued at the amortised cost. Transaction costs directly attributable to the issue of the liabilities are amortised throughout the life of the loan.
In the event of contract changes associated with renegotiations, the Group's internal accounting policy requires that both a qualitative and quantitative test are carried out.

Employee severance indemnity provision (TFR)

The employee severance indemnity (TFR) is classified as a post-employment benefit and consists of payments due to employees after the termination of their employment contracts.
Under IAS 19 Revised – *Employee benefits*, the related liability is considered on the basis of a valuation made on the date of the balance sheet, in respect of the service rendered during the current year, and in previous years. The method used is the projected unit credit method applied by independent actuaries.
This calculation consists of estimating the amount of benefit that the employee will receive on the estimated date of termination, using demographic assumptions (such as the rate of mortality and staff rotation rate) and financial assumptions (such as the discount rate and future salary increments). The total calculated in this way is discounted and re-proportioned on the basis of the length of service accumulated, compared to the total length of service, and represents a reasonable estimate of the benefits already accrued by each employee in return for their work.
The actuarial gains and losses deriving from the actuarial calculation are recorded in the Balance Sheet under Reserves IAS 19 and accounted for in the Comprehensive Income Statement. The cost components relating to work and net financial expenses are accounted for in the Income Statement.
With reference to the TFR provision, considered as a defined-benefits plan until 31 December 2006, Law no. 296 of 27 December 2006 (the "2007 Finance Act") and the subsequent decrees and regulations issued during 2007 introduced significant reforms to the way in which quotas of severance pay are allocated, as part of the reforms to the welfare and pensions system.
Specifically, workers can now decide to allocate new TFR benefits to supplementary pension schemes or keep them with the company (for companies with less than 50 staff), or transfer them to the National Pension Fund (INPS) (for companies with more than 50 staff). Following these reforms, the Company has based itself on the generally accepted interpretation and has decided that:

- for TFR benefits accruing up until 31 December 2006 the provision will be a defined-benefits plan to be valued according to the existing actuarial rules but without including the component relating to future salary increases;
- for subsequent TFR benefits, whether they are destined for supplementary pension schemes or the Treasury fund held by INPS, they are classified as defined-benefit plans. Components subject to actuarial estimates are excluded from the calculation of the

accrual cost.

Provisions for potential risks and liabilities

Provisions for risks and charges relate to costs and charges of a certain nature, or risks and charges which are certain or likely to exist on the closing date but whose amount or date of occurrence is not yet known. The provisions are recorded when: (i) the existence of a legal or implied obligation deriving from a past event is probable; (ii) it is probable that fulfilment of the liability will involve expenditure; (iii) the amount of the liability can be reliably estimated. The provisions are booked at the value representing the best estimate of the amount that the company would reasonably pay to discharge the obligation or to transfer it to a third party, on the closing date. When the temporal financial effect is significant and the payment dates can be reasonably estimated the provision is discounted.
The costs that the company expects to incur by carrying out restructuring programmes are recognised in the year in which the programme is formally defined, and when the interested parties have a reasonable expectation that the restructuring will take place.
The provisions are periodically updated to reflect any changes in the costs' estimates, realisation times and discounting rates. The revised estimates of the provisions are charged to the same Income Statement headings under which the provision was previously booked, or, when the liability relates to material assets, as a contra-entry to the assets in question.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted at the spot exchange rate prevailing on that date. Exchange differences arising from the settlement of monetary items or from their conversion at rates other than those at which they were initially recorded during the period or in previous financial statements, are recognised in the Income Statement.

Revenue

Revenue from sales and services are recognised when the risks and benefits relating to goods ownership are transferred to the customer, the sale price is agreed or determinable and receipt of payment can be assumed.

Specifically:

- Revenues from proprietary software applications are recognised in the income statement at the time of receipt by the customer of the material required for installation with the customer. As this relates to user licences, the installation of the test environment is considered to represent the transfer of the intangible asset to the client, because, as from that time onwards, the client has the standard software version available.
- Revenue from customised software applications are recognised according to the terms and conditions of the related contract, when the test environments are installed with the client.
- The revenue for maintenance services governed by periodic contracts are recognised on an accrual basis.

- The revenue for fixed-price orders are recognised with reference to the stage of completion on the balance sheet date, according to the completion percentage criterion.
- The revenue for other types of order are recognised at the time when the services were rendered, on an accruals basis.

On 1 January 2018 the new **IFRS 15 - *Revenue from Contracts with Customers*** standard comes into effect, setting a new model for recognising revenue. For further details, please refer to Note 4 below.

Government grants

According to the provisions of IAS 20, government grants are only recognised if there is reasonable certainty that:
a. the company will meet the required conditions; and
b. the grants have been received.

Public grants are booked as income, according to a systematic principle, in the years needed to set them against the related costs that the grant is intended to offset.

Taxes

Income taxes include all taxes based upon the taxable profits. Taxes on income are recognised in the Income Statement unless they relate to items directly charged or credited to net equity, in which case the effect is recognised directly in net equity. Provisions for income taxes that could arise on the distribution of the subsidiaries' undistributed profits are only made where there is a real intention to distribute such profits. Deferred taxes are recognised using the full liability method. Deferred tax receivables on unused tax losses and tax credits carried forward are recognised to the extent that is it probable that future profits will be available against which they can be recovered. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same tax authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the periods in which temporary differences will be realised or discharged.
Deferred taxes are not discounted and are classified under non-current assets/liabilities.

Management, coordination and Tax Consolidation

In accordance with Legislative Decree No. 6/2003, it is noted that the Company is subject to the management and coordination of OWL S.p.A.
The contract, signed in 2008 between the Company and OWL S.p.A., now the parent company of TAS, governs the reciprocal relations resulting from and consequent to implementation of the consolidation option.

Dividends

Dividends payable are reported as a movement in net equity in the period in which they are approved by the Shareholders' Meeting.

Earnings per share

Basic earnings per share are calculated by dividing the Company's net profit by the weighted average number of shares in circulation during the year, excluding treasury shares. For the calculation of the diluted earnings per share, the weighted average number of shares in circulation is adjusted assuming conversion of all potentially diluting shares.

3) ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 01 JANUARY 2017

The following IFRS accounting principles, amendments and interpretation were applied for the first time by the Group as from 1 January 2017:

- Amendment to **IAS 7** ”***Disclosure Initiative***” (published on 29 January 2016). The document aims to provide some clarification to improve disclosures on financial liabilities. In particular, the amendments require the disclosure of information that enables users of financial statements to understand the changes in liabilities arising from financing operations, including changes arising from movements in monetary and non-monetary items. The amendments do not stipulate a specific format for the disclosure. Nonetheless, the amendments introduced require that an entity provides a reconciliation between the opening and closing balance for liabilities resulting from financial transactions. It is not necessary to present comparative disclosures relating to prior financial years. The adoption of this amendment has not had any effect on the disclosure provided on the Group's consolidated financial statements.

- Amendment to **IAS 12** "***Recognition of Deferred Tax Assets for Unrealised Losses***" (published on 19 January 2016). The document aims to provide some clarification on the inclusion of deferred tax receivables on unrealised losses in the evaluation of financial assets in the "Available for Sale" category upon the occurrence of certain circumstances and on the estimated taxable income for future years. The adoption of these amendments has not had any effect on the Group's consolidated financial statements.

4) AIFRS AND IFRIC ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU BUT NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE GROUP

- Principle **IFRS 15 – *Revenue from Contracts with Customers*** (published on 28 May 2014 and supplemented with further clarifications published on 12 April 2016), which aims to replace principles 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 – *Revenues-Barter Transactions Involving Advertising Services*. The principle sets a new recording model for revenue, which will apply to all contracts signed with customers, with the exception of those falling under the scope of application of other IAS/IFRS principles like leasing, insurance contracts and financial instruments. The basic steps for recognising revenue according to the new model are:

- identifying the contract with the customer;
- identifying the performance obligations in the contract;
- determining the price;
- assigning the price to the contract's performance obligations;
- the recording criteria for revenue when the entity satisfies each performance obligation.

The principle is applicable as from 1 January 2018. The amendments to IFRS 15, *Clarifications to IFRS 15 – Revenue from Contracts with Customers* were approved by the European Union on 6 November 2017. The analyses were completed during 2017 to identify the areas relevant to the new regulations and to determine the relative repercussions. In particular, identifying the individual performance obligations in the contract and consequently allocating a price to these, and the subsequent "separate" accounting for each of these, was already implemented by the Group in previous financial periods. The case of contracts referring to the sale of licenses associated with installation, maintenance and other services has always been dealt with separately by the Group, and the adoption of the new standard will not change the accounting criteria applied up to now. The analysis also took into consideration the following cases:

- Guarantees provided to customers: the sales practices applied by the TAS Group oblige the companies in the Group only and exclusively to replace or correct the sections of software that are defective at their own expense; the guarantee provided to the customer does not therefore imply an added service to the assurance that the product in question complies with the specifications agreed on. Furthermore, the customer does not have the option of purchasing the guarantee separately. and the latter does not therefore represent a separate service to be accounted for separately.
- accounting of "overtime" revenue: with regard to the overtime accounting of revenue resulting from software installations, i.e. based on the extra hours required to complete the job, there are no critical aspects arising from the change in this standard. The accounting of maintenance and other multiple year services is also not influenced by the introduction of IFRS 15.
- Discounts granted to customers: there were no discrepancies found in the accounting of discounts, resulting from the introduction of the new standard.

Based on the analyses conducted, Directors do not expect the application of IFRS 15 to have a significant impact on the amounts recorded for revenue and the relevant information in the Group's consolidated financial statements. The upcoming adoption of IFRS 15 by the TAS Group will presumably be done on the basis of the amended retrospective method, i.e. without changing the comparative data for 2017 that will be recorded by applying IAS 18.

- Final version of **IFRS 9 –** ***Financial Instruments*** (published on 24 July 2014). The document contains the outcome of the IASB project to replace IAS 39:
  - it introduces new criteria for the classification and measurement of financial assets and liabilities (together with the measurement of non-substantial changes to financial liabilities);

- With regard to the impairment model, the new principle requires that the losses estimate on receivables is based on the expected losses model (and not on the incurred losses model used by IAS 39), by using information that is supported and available without unreasonable effort or expense, and that includes historic, current and forecast data;
- introduces a new hedge accounting model (increasing the types of transactions eligible for hedge accounting, changes in the way forward contracts and options are recognised when included in a hedge accounting report, changes to the effectiveness test).

The new principle must be applied to financial statements starting 1 January 2018 or later.

The analyses were completed during 2017 for the correct measurement criteria relating to financial assets and liabilities. In particular, the instances of transferring receivables to factoring companies are non-recurring, and therefore the accounting of receivables using the amortised cost method is deemed appropriate, considering that the business model adopted aims to have these assets for the purpose of collecting contract-based financial flows.

With regard to the impairment model based on expected losses, according to the analyses done, the adoption of the new accounting standard will not have any significant impact.

Equity investments in companies other than subsidiaries, affiliates and joint ventures, must be measured at fair value (no longer measured at cost), and the FVTOCI classification must be used in this respect (this option is utilised on an individual instrument basis). The fair value measurement of "other equity investments" recorded in the financial statements will not have a significant impact on the Group's consolidated financial statements.

It is noted that the TAS Group has no hedging strategy in place.

The amended retrospective method will be applied to the transaction, i.e. without the restatement of the comparative period.

- **IFRS 16** – ***Leases*** (published on 13 January 2016) which will replace IAS 17– *Leases*, and 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 principle provides for a new definition of lease and introduces a criterion based the on control (*right of use*) of an asset to distinguish leasing contracts from services contracts, using as differentiating factors: the identification of an asset, the right to its replacement, the right to essentially obtain all the economic benefits deriving from the use of the asset and the right to direct the use of the asset underlying the contract.

The principle provides a single model for recognising and evaluating leasing contracts for the lessee, which requires the leased asset, including operating assets, to be recorded under assets with a counter entry under financial payables, whilst also providing for contracts referring to low-value assets and leasing contracts with a term of 12 months or less not to be recognised as leasing contracts. The standard does not envisage any significant changes on the other hand for the lessor.

The principle becomes applicable as from 1 January 2019 with early application permitted only for companies that have already applied IFRS 15 - *Revenue from Contracts with*

Customers. During 2017, Directors analysed the impact resulting from the application of the new standard in respect of the three main leased properties, and will complete its analyses relating to the remaining leased assets during 2018. The new accounting format will have a significant impact on the Net Financial Position, which can only become clear and quantifiable once the aforementioned analyses are completed.

For the sake of completeness, any impact was also examined with regard to financial covenants covered by the current agreement between TAS and the Creditor Banks. With regard to the calculations to verify compliance with the Financial Parameters, it should be noted that this agreement stipulates that changes to accounting principles that come into effect after the signing of the agreement itself are not to be taken into account (for example, the obligation to apply IFRS 16 as from 1 January 2019 pertinent to the different recognition of leasing and rentals, impacting on the net financial position figure).

The review of all leased assets will be completed during 2018, so as to ascertain their impact on the Group's financial statements.

5) IFRS ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EU

At the reference date of these consolidated Financial Statements, the European Union had not yet concluded the approval process necessary for the adoption of the following amendments and accounting principles.

- Amendments to **IFRS 2** "***Classification and measurement of share-based payment transactions***" (published on 20 June 2016), which contains some clarifications regarding the recognition of 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 the recognition of changes to the terms and conditions of a *share-based payment* that changes its classification from *cash-settled* to *equity-settled*. The amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Document "***Annual Improvements to IFRSs: 2014–2016 Cycle***", published on 8 December, 2016 (including 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*, IFRS 12 *Disclosure of Interests in Other Entities – Clarification of the scope of the Standard*) which partly supplement existing principles. Most amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Interpretation **IFRIC 22** "***Foreign Currency Transactions and Advance Consideration***" (published on 8 December 2016). The interpretation aims to provide guidelines for transactions made in foreign currencies where they are recognised in the financial statements of non-cash advances or payments on account, before the recognition of the related asset, cost or revenue. This document provides guidance on how an entity should determine the date of a transaction, and as a result, the spot exchange rate to be used in the case of transactions in foreign currencies in which payment is made or received in advance. The IFRIC 22 principle is applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Amendment to **IAS 40** "***Transfers of Investment Property***" (published on 8 December 2016). These amendments clarify the transfer of a property to or from property investment. In particular, an entity must reclassify a property among, or from, property investments only when there is evidence that there has been a change of use of the property. This change must be related to a specific event that has happened and therefore must not concern a mere change of intention by the management of an entity. These amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- On 7 June 2017, the IASB published the interpretation document **IFRIC 23 – *Uncertainty over Income Tax Treatments***. The document deals with the uncertainties on the tax treatment to apply to income taxes.

  The document specifies that uncertainties in the calculation of tax assets or liabilities are only reflected in the financial statements when it is probable that the entity will receive or pay the amount in question. The document contains no new disclosure requirements, but underlines that the entity must establish whether it is necessary to provide information on management's considerations and on the uncertainties pertinent to the recognition of taxes, in accordance with IAS 1.

  The new interpretation is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of this interpretation to have a significant effect on the Group's consolidated Financial Statements.

- Amendment to **IFRS 9** "***Prepayment Features with Negative Compensation*** (published on 12 October 2017). This document specifies that the instruments requiring an early repayment could comply with the "SPPI" test, even in the case where the "*reasonable additional compensation"* to be paid in the case of an early repayment is *"negative compensation"* for the financing party. The amendment is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Amendment to **IAS 28** "***Long-term Interests in Associates and Joint Ventures"*** (published on 12 October 2017)". This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures where the net equity method is not applied. The amendment is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Document "***Annual Improvements to IFRSs 2015-2017 Cycle***", published on 12 December 2017 (including IFRS 3 *Business Combinations* e IFRS 11 *Joint Arrangements – Remeasurement of previously held interest in a joint operation,* IAS 12 *Income Taxes – Income tax consequences of payments on financial instruments classified as equity*, IAS 23 *Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation*) which incorporates the changes to certain principles in the scope of the annual improvements. The amendments are applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

- Amendment 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 document was issued to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of a profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associated company in exchange for a stake in the latter's share capital. At this time, the IASB has suspended the application of this amendment.

- **IFRS 14 –** ***Regulatory Deferral Accounts*** (published on 30 January 2014) which only allows whoever adopts IFRS standards for the first time to continue recognising the amounts relating to Rate Regulation Activities according to the previous standards adopted. Given that the Company/Group is not a first-time adopter, this principle is not applicable.

6) MAIN RISKS AND UNCERTAINTIES TO WHICH TAS S.P.A. AND THE GROUP WERE EXPOSED

In carrying out its activities, the Group is exposed to various financial risks, related to the economic-regulatory and market conditions that may affect the Group's performance.
The Group has an internal control system consisting of a system of rules, procedures and organisational structures intended to enable sound, correct business management, which includes the proper identification, management and monitoring of the principal risks that could threaten the achievement of corporate objectives.
The Group constantly monitors the risks to which it is exposed, in order to value the potentially negative effects in advance, and so that the best action can be taken to mitigate them.
TAS S.p.A., as the parent company, is exposed to the same risks and uncertainties described below for the Group.

The Group's risk management policies seek to identify and analyse the risks the Company is exposed to, by establishing appropriate limits and controls and monitoring risks and compliance with such limits.
These policies and related systems are reviewed on a regular basis in order to reflect any changes in market conditions and the Group's activities. For more details on the principal risks and uncertainties facing the Group, please refer to the relevant section of the Group Report on Operations.

7) FINANCIAL LIABILITIES BASED ON DUE DATE

The table below analyses the Group's net financial liabilities and traded derivatives, which have been grouped according to residual maturity and contractual expiry date, compared to the balance sheet date.
The amounts shown below, relating to financial payables, represent the discounted contractual cash flows.

At 31 December 2017	From 0 to 1 year	From 1 to 5 years	More than 5 years	Total
Financial payables	301	5,921	329	**6,551**
Trade and other payables	26,162	-	-	**26,162**
Commitments: rents payable	833	3,926	-	**4,759**

At 31 December 2016	From 0 to 1 year	From 1 to 5 years	More than 5 years	Total
Financial payables	235	4,229	-	**4,464**
Trade and other payables	16,546	-	-	**16,546**
Commitments: rents payable	1,094	3,297	381	**4,772**

8)
FINANCIAL INSTRUMENTS BY CATEGORY

The financial instruments referring to the accounting items in the Financial Statements are detailed below:

At 31 December 2017	Loans and receivables	Assets measured at fair value through profit or loss	Total
Non-current financial assets	**540**	**-**	**540**
Other receivables	540	-	540
Current financial assets	**40,360**	**-**	**40,360**
Trade receivables and accruals and deferrals	36,552	-	36,552
Other receivables	259	-	259
Cash and other equivalent assets	3,549	-	3,549

At 31 December 2016	Loans and receivables	Assets measured at fair value through profit or loss	Total
Non-current financial assets	**720**	**-**	**720**
Other receivables	720	-	720
Current financial assets	**30,884**	**93**	**30,977**
Trade receivables and accruals and deferrals	22,848	-	22,848
Other receivables	534	-	534
Securities	-	93	93
Cash and other equivalent assets	7,502	-	7,502

At 31 December 2017	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**6,149**	**-**	**6,149**
Financial payables	6,149	-	6,149
Current financial liabilities	**35,854**	**-**	**35,854**
Trade payables and accruals and deferrals	27,156	-	27,156
Other payables	8,472	-	8,472
Financial payables	226	-	226

At 31 December 2016	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**4,053**	**-**	**4,053**
Financial payables	4,053	-	4,053
Current financial liabilities	**23,919**	**-**	**23,919**
Trade payables and accruals and deferrals	16,537	-	16,537
Other payables	7,222	-	7,222
Financial payables	160	-	160

9)
FAIR VALUE HIERARCHY BASED ON IFRS 13

The classification of financial instruments at fair value required by IFRS 13, measured according to the quality of the input sources used, results in the following hierarchy:
Level 1: fair value determined based on the listed prices (unadjusted) in active markets for identical assets or liabilities. At this time, there are no instruments falling into this category;
Level 2: fair value determined based on inputs other than the listed prices included under "Level 1", that are directly or indirectly observable. At this time, there are no instruments falling into this category;
Level 3: fair value determined based on the evaluation models where the inputs are not founded on unobservable market data. At this time, there are no instruments falling into this category.

BALANCE SHEET INFORMATION

ASSETS

Below are the comments on the financial accounting data. This is compared with the figures at 31 December 2016.
It is noted that pre-paid and deferred tax payables were recognised under the assets or liabilities according to the net deferred taxes for each country.

NON-CURRENT ASSETS

10)
INTANGIBLE FIXED ASSETS

GOODWILL

Goodwill	31/12/2017	31/12/2016	Change
Goodwill	17,412	17,412	-
TOTAL	**17,412**	**17,412**	**-**

The following table shows the detail for individual CGUs:

CGU	31.12.2017	31.12.2016	Change
TAS Units	15,976	15,976	-
TAS Iberia	1,345	1,345	-
TAS France	91	91	-
Total	**17,412**	**17,412**	**-**

In line with the provisions of international accounting principle IAS 36, an impairment test was carried out to verify whether any losses existed in value for all the CGUs identified below, by comparing the recoverable value against the related book values of the net invested capital (including the assets with an undefined useful life).

These CGUs respond to the requirements of IAS 36 para. 6, i.e. they represent “the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets” and see also IAS 36 para. 80 paragraphs a) and b).

It should be noted that the TAS Units CGU also includes the cash flows generated by the subsidiaries TAS Americas and TAS Helvetia, given that these derive mainly from the resale and support to Parent Company products. Consequently for this CGU, a weighted WACC was used, based on typical 2017 revenue.

For the purposes of estimating the recoverable value, the value in use of the net invested capital of each CGU was calculated by using the “Discounted Cash Flow – asset side” principle, which considers the company’s expected cash flows based on plans approved by management.

The calculation formula for the above methodology is given below:

$$V = \sum_{i=1}^{n} FCF_i \Big/ (1 + WACC)_i + TV$$

FCF = free cash flow, or cash flow generated by operations;
WACC = weighted average cost of capital;
n = specific forecast period;
TV = current terminal value, i.e. the value deriving from the cash flows generated beyond the forecast period.

In determining the value in use of the net invested capital, the cash flow projections were based on a 3-year time frame, as reported by the 2016-2020 business plan approved by the Board of Directors on 29 April 2016 and still considered current in the light of the 2017 financial year final data, which has improved in respect of the Plan data. It is noted that this plan is nominally in line with the WACC used.
The cash flows for the period after the third year were calculated with the following formula (Gordon formula):

$$TV = FCF_n * (1 + g) \Big/ WACC - g$$

where:

FCFn = cash flow sustainable beyond the forecast period;
g = business growth rate beyond the period of the plan in question
WACC = weighted average cost of capital.
The main assumptions used in calculating the value in use are given below:

- Discount rate (Weighted Average Cost of Capital – WACC) post tax:
    - 6.9% for the TAS Units CGU (5.9% at 31 December 2016)
    - 5.8% for the TAS France CGU (4.8% at 31 December 2016)
    - 6.4% for the TAS Iberia CGU (5.7% at 31 December 2016)

  The WACC, down from last year owing to the drop in interest rates, was in turn determined by using the following values:
    a. Financial structure of the industry (debt/equity ratio + third party equity = 3.05%)
    b. Risk free rate:
        - 3.1% for the TAS 'Units' CGU
        - 2.1% for the TAS France CGU
        - 2.7% for the TAS Iberia CGU
    c. Sector unlevered beta: 0.76
    d. Risk premium: 5.1% for all the CGUs
- The criteria for estimating future financial flows: the cash flows – net of taxes – reported in the business plan up to 2020 were taken as references.
- A total was then calculated for the discounted values (using the WACC mentioned above) of the expected cash flows after the last year of the plan extrapolated on the basis of a constant growth rate of 2%.

- The principal values used to determine the value in use are given in the table below:

	TAS Iberia	TAS France	TAS
Average weighted rate of growth of income	1.3%	1.3%	5.9%
Average gross operating margin (EBITDA)	9.6%	19.6%	10.1%
Rate of growth in cash flow after plan period	2.0%	2.0%	2.0%
Post-tax discounting rate (WACC - post tax)	6.4%	5.8%	6.9%

The discounting rate used reflected the specific risk of the sector in which the TAS Group companies operate.
As permitted by paragraph 55 of IAS 36, the discounting rate was estimated post-tax, as the unlevered cash flows of each Cash Generating Unit (CGU) were also estimated post-tax, calculated on the basis of the specific tax rate of each CGU.

TAS UNITS CGU RESULTS

The criteria used for estimating the value in use led to the recording of recoverable values that were higher than the book value of the net invested capital (CIN) of the TAS Units CGU on 31 December 2017, inclusive of goodwill. In the light of the results of the impairment test, no significant value impairments were recorded.

A sensitivity analysis appears below, where the book value of the invested capital of the TAS Units CGU on 31 December 2017 was compared against the related value in use calculated on the basis of a 6.9% discount rate and a long-term growth rate “g” of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a “g” rate that were respectively half a percentage point lower (6.4%, 1.5%) or higher (7.4%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	78,880	70,606	63,857
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	55,316	47,042	40,293

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	66,676	59,774	54,138
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	43,112	36,210	30,574

“g”=1.5%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	71,390	64,569	58,894
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	47,826	41,005	35,330

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	60,467	54,768	50,023
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	36,903	31,204	26,459

“g”=2.5%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	88,306	78,026	69,839
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	64,742	54,462	46,275

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	74,491	65,926	59,097
CIN carrying amount at 31 December 2017	23,564	23,564	23,564
Surplus value in use on book value	50,927	42,362	35,533

TAS FRANCE CGU RESULTS

The criteria used for estimating the value in use led to the recording of recoverable values that were higher than the book value of the net invested capital (CIN) of the TAS France CGU on 31 December 2017, inclusive of goodwill. In the light of the results of the impairment test, no significant value impairments were recorded.

Below is a sensitivity analysis, in which the book value of the invested capital of the TAS France CGU on 31 December 2017 was compared with the related value in use calculated on the basis of a 5.8% discount rate and a long-term growth rate “g” of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a “g” rate that were respectively half a percentage point lower (5.3%, 1.5%) or higher (6.3%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	6,686	5,805	5,129
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	4,294	3,413	2,737

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,696	4,957	4,389
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	3,304	2,565	1,997

“g”=1.5%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,860	5,176	4,635
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	3,468	2,784	2,243

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,004	4,430	3,976
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	2,612	2,038	1,584

“g”=2.5%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	7,808	6,624	5,752
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	5,416	4,232	3,360

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	6,635	5,643	4,911
CIN carrying amount at 31 December 2017	2,392	2,392	2,392
Surplus value in use on book value	4,243	3,251	2,519

TAS IBERIA CGU RESULTS

The criteria for estimating the value in use led to the recording of recoverable values higher than the book value of the net invested capital (NIC) of the TAS Iberia CGU on 31 December 2017, including goodwill. In the light of the results of the impairment test, no significant value impairments were recorded.

A sensitivity analysis appears below, in which the book value of the net invested capital of the Tas Iberia CGU on 31 December 2017 was compared against the related value in use calculated on the basis of an 6.4% discount rate and a long-term growth rate “g” of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a “g” rate that were respectively half a percentage point lower (5.9%, 1.5%) or higher (6.9%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	3,854	3,441	3,109
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	2,787	2,374	2,042

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	3,506	3,134	2,834
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	2,439	2,067	1,767

“g”=1.5%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	3,496	3,159	2,881
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	2,429	2,092	1,814

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	3,185	2,880	2,629
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	2,118	1,813	1,562

“g”=2.5%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	4,317	3,796	3,389
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	3,250	2,729	2,322

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia CGU	3,920	3,451	3,084
CIN carrying amount at 31 December 2017	1,067	1,067	1,067
Surplus value in use on book value	2,853	2,384	2,017

OTHER INTANGIBLE FIXED ASSETS

The *Other intangible fixed assets* came down by Euro 398 thousand compared to 31 December 2016. The net value of Euro 5,052 thousand was made up as follows:

Other intangible fixed assets	31/12/2017	31/12/2016	Change
Software developed internally	4,572	4,183	389
Industrial patents and intellectual property rights	96	128	(32)
Fixed assets in progress	-	129	(129)
Other intangible fixed assets	384	214	170
TOTAL	**5,052**	**4,654**	**398**

Below are the movements in the past two financial years:

Description	Value on 31/12/2015	Increases for the year	Transfer during the year	Reductions for the year	Amortisation for the year	Value on 31/12/2016
- Software developed internally	4,061	4,291	-	-	(4,169)	4,183
- Industrial patent rights	5	160	-	-	(37)	128
- *Customer List*	1,032	-	-	-	(1,032)	-
- Fixed assets in progress	-	129	-	-	-	129
- Others	127	216	-	-	(129)	214
TOTAL	**5,225**	**4,796**	**-**	**-**	**(5,367)**	**4,654**

Description	Value on 31/12/2016	Increases for the year	Transfer during the year	Reductions for the year	Amortisation for the year	Value on 31/12/2017
- Software developed internally	4,183	4,715	-	-	(4,326)	4,572
- Industrial patent rights	128	-	-	-	(32)	96
- Fixed assets in progress	129	-	(129)	-	-	-
- Others	214	403	-	-	(233)	384
TOTAL	**4,654**	**5,118**	**(129)**	**-**	**(4,591)**	**5,052**

The balance of the item *Software developed internally*, which amounted to Euro 4,572 thousand was made up of project development costs which were capitalised as they met the requirements of IAS 38 and referred mainly to the Parent Company.

Group investments continued during the period in different areas, with market action consolidated in European countries, and strategic partnerships established to develop the Group’s business. Specifically:

- in the **Financial Markets and Treasury area:** the continued development of the Aquarius platform to manage liquidity, under Basel 3 principles, in an integrated manner for bonds, cash and collateral. Aquarius was designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of tri-party collateral management; modules were introduced for Stress Tests and liquidity management on accounts corresponding to MIFIDII compliant solutions and the new Record Keeping that adopts innovative Business Intelligence approaches;

- in the **Electronic money and Payment Systems area:** the continued forward development of the CashLess 3.0 platform, including the activation of specialised API, card issue and management solutions on Open technology; on the Card Issue side implementation for the interview specifications of the Chinese network UnionPay International (UPI) is currently undergoing certification, and in the field of Transactions Acceptance the implementation of various protocols for interconnection with major foreign Acquirers active in the TAS Group target commercial regions, and the realisation of a new Fraud Management module for transactions originating from POS and/or ATM channels. The suite of modules for Branch Transformation called EasyBranch is also continuing in the ATM channel. We note further:

- **Oracle and the TAS Group** together offer state-of-the-art solutions through the Digital Innovation Platform. **Oracle** chooses **TAS Group** solutions relating to the **Card 3.0** platform to use and manage cards and the **Network Gateway** solution for connectivity to the financial networks for its own **Digital Innovation Platform,** with the aim of providing financial operators with a competitive advantage, when confronting the most important evolutionary process in the payments segment. The TAS Group is already partnered with Oracle in the financial sector, and has now become one of the first global partners for the Digital Innovation Platform.

- **The TAS Group awarded the Infocamere tender.** TAS software will enable Infocamere (Payment Institute authorised by the Bank of Italy, and a national and European excellence in the world of public digital services) to become operational on the SPC Payments Node – pagoPA and in the role of technological intermediary in respect of the Chamber of Commerce network, by facilitating and accelerating the management processes for payments by the public, professionals and companies to the Public Administration.

The development and extension of the TAS Network Gateway solutions continued, both in respect of the launch of the CIT- Check Image Truncation and the functioning of the Instant Payments initiative, which is expected to start-up by the end of the year at national and European level; analyses are also underway to realise the Open API to offer to Banks in response to the reminders and opportunities introduced by PSD2.

- in the **ERP** area: the continuation of the project to reposition TAS' ERP offering, changing it from a proprietary solution to a market-orientated solution of international reach, focusing on the Cloud, Customer eXperience and Social business collaboration, built on Oracle (Fusion) Cloud Applications;

- in the **Financial Value Chain** area: the strengthening of the PayTAS suite offering for eGovernment in line with the specifications gradually issued by AgID on PagoPA for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. Furthermore, an operational and technological overview is underway regarding the e-Banking and Corporate Banking solutions for business clientèle, also from the perspective of PSD2 and consumers.

On a geographic level, market action was consolidated by the TAS Group in Germany. In just over a year since the opening of TAS Germany GmbH and following the acquisition of significant customers and projects in the country, the **TAS Group is accelerating its go2market in the area, becoming associated with the Italian German Chamber of Commerce AHK**. The TAS Group's **European expansion Plan** envisages **significant growth potential in German speaking countries, not only in the Banks and PSP segments, but also in Corporate-Retail** where the TAS Group has for some time been investing in PSD2 logic.

11)

TANGIBLE FIXED ASSETS

These went from Euro 1,157 thousand in 2016 to Euro 3,083 thousand in December 2017. The net value was made up as follows:

Tangible fixed assets	31/12/2017	31/12/2016	Change
Plants and machinery	2,082	157	1,925
Industrial and commercial equipment	2	3	(1)
Other assets	999	997	2
TOTAL	**3,083**	**1,157**	**1,926**

Detailed movements for the last two years are reported below:

Description	Value on 31/12/2015	Increases for the year	Transfers during the year	Reductions for the year	Amortisation for the year	Value on 31/12/2016
Plants and machinery	193	15	-	(4)	(47)	157
Industrial and commercial equipment	4	-	-	-	(1)	3
Other assets	736	786	-	(3)	(522)	997
TOTAL	**933**	**801**	**-**	**(7)**	**(570)**	**1,157**

Description	Value on 31/12/2016	Increases for the year	Transfers during the year	Reductions for the year	Amortisation for the year	Value on 31/12/2017
Plants and machinery	157	1,933	129	(6)	(131)	2,082
Industrial and commercial equipment	3	-	-	-	(1)	2
Other assets	997	687	-	(8)	(677)	999
TOTAL	**1,157**	**2,620**	**129**	**(14)**	**(809)**	**3,083**

The item *Other assets* relates mainly to electronic office equipment and furniture of the Parent Company.
The increase in *Plants and machinery* refers mainly to the construction of the new Data Centre at the TAS France subsidiary.

12)

EQUITY INVESTMENTS AND OTHER INVESTMENT SECURITIES

These amount to Euro 68 thousand, and include Euro 67 thousand for the shareholding in the company SIA S.p.A. The value represented the purchase cost which is considered to approximate the fair value.

Other investments and investment securities	31/12/2017	31/12/2016	Change
Equity investments in other companies valued at cost	68	68	-
TOTAL	**68**	**68**	**-**

13)

FINANCIAL FIXED ASSET RECEIVABLES

Financial fixed asset receivables amounted to Euro 489 thousand and related mainly to Parent Company security deposits:

financial fixed asset receivables	31/12/2017	31/12/2016	Change
Security deposits	489	663	(174)
Financial instruments fair value	-	-	-
TOTAL	**489**	**663**	**(174)**
Within the following year	-	-	-
From 1 to 5 years	489	663	(174)
More than 5 years	-	-	-
TOTAL	**489**	**663**	**(174)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the financial receivables is considered to reflect their fair value.

14) DEFERRED TAX ASSET AND LIABILITIES

Deferred tax assets and liabilities recognised in the assets or liabilities according to the net taxes resulting for each country at 31 December 2017 are as follows:

Deferred taxes	31/12/2017	31/12/2016	Change
France	280	197	83
Switzerland	174	175	(1)
TOTAL	**454**	**372**	**82**

The deferred tax assets of France relate to a tax credit accrued on investments made in 2016 and 2017 that can be used for the next two years to offset taxes on the taxable income of the company. On expiry, an application can be made for any residue.

The deferred taxes for Switzerland referred exclusively to the accounting effects of the Parent Company TAS Helvetia's pension plans.

The changes are shown below:

SWITZERLAND

DEDUCTIBLE TEMPORARY DIFFERENCES	Discounting Pension plans	Other	TOTAL
1.12.2016	**136**	**(18)**	**118**
Increases/decreases on Income Statement	-	18	18
Changes on Comprehensive Income Statement	39	-	39
31.12.2016	**175**	**-**	**175**

DEDUCTIBLE TEMPORARY DIFFERENCES	Discounting Pension plans	Other	TOTAL
1.12.2017	**175**	**-**	**175**
Increases/decreases on Income Statement	3	-	3
Changes on Comprehensive Income Statement	(4)	-	(4)

31.12.2017	**174**	**-**	**174**

The decision was taken not to allocate all the deferred tax receivables to the fiscal losses of the parent company and the subsidiary TAS Iberia as, on the balance sheet date, there was no reasonable certainty that they would all be used within the timeframe of the plan. However, in the light of the elimination of the 5-year restriction on the carrying-over of tax losses, the Company has not lost the option of entering the deferred tax receivables on those losses in the future. The total unregistered amount is approximately 10.7 million Euro (of which 9.5 million Euro relates to the parent company and 1.2 million Euro to the Spanish subsidiary TAS Iberia).

15)
OTHER NON-CURRENT RECEIVABLES

Other receivables totalling Euro 51 thousand referred to advances paid to employees of the parent company in accordance with the harmonisation agreement signed with workers' representatives.

Other fixed-asset receivables	31/12/2017	31/12/2016	Change
Loans to employees	51	57	(6)
Other	-	-	-
TOTAL	**51**	**57**	**(6)**
Within the following year	-	-	-
From 1 to 5 years	51	57	(6)
More than 5 years	-	-	-
TOTAL	**51**	**57**	**(6)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value is considered to reflect their fair value.

CURRENT ASSETS

16)
NET INVENTORIES

Amounted to Euro 4,123 thousand. The value of WIP on order referred mainly to the installation activities and services currently being completed by the Parent Company. They are made up as follows:

Inventories	Gross value at 31/12/2017	Write-down provision	Net value at 31/12/2017	Net value at 31/12/2016
Work in progress on order	4,123	-	4,123	3,144
Finished products and goods	-	-	-	-
TOTAL	**4,123**	**-**	**4,123**	**3,144**

17)
TRADE RECEIVABLES

The value of trade receivables, totalling Euro 36,552 thousand also included trade-related accruals and deferrals receivable, and was made up as follows:

Trade receivables and accruals and deferrals receivable	31/12/2017	31/12/2016	Change
Trade receivables	32,197	19,188	13,009
Receivables from related parties	-	-	-
Trade accruals and deferrals receivable	4,355	3,660	695
TOTAL	**36,552**	**22,848**	**13,704**
Within the following year	36,552	22,848	13,704
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**36,552**	**22,848**	**13,704**
Overdue – less than 1 month	826	510	316
Overdue – more than 1 month	662	829	(167)
TOTAL	**1,488**	**1,339**	**149**

Trade receivables amounted to Euro 32,197 thousand (net of the write-down provision of Euro 3,789 thousand), with an increase of 68% with respect to the comparison data at 31 December 2015. It is noted that the *Trade receivables* figure at 31 December 2017 includes the resale to one of the Group's principal customers for Euro 13,149 thousand (Euro 4,914 thousand in 2016).

The book value of the trade receivables is considered to reflect their fair value.

The receivables write-down provision underwent the following changes during 2017:

Write-down provision	31/12/2016	Provisions	Utilisation	31/12/2017
Write-down provision (trade receivables)	3,659	130	-	3,789
TOTAL	**3,659**	**130**	**-**	**3,789**

On the balance sheet date the maximum credit risk exposure was equal to the fair value of each of the categories indicated above.

The trade accruals and deferrals receivable related mainly to:

Trade accrued income and prepaid expenses	31/12/2017	31/12/2016	Change
Insurance	120	170	(50)
Rentals payable	30	2	28
Leases and maintenance and other services	208	155	53
Purchase of hardware/software for resale	3,742	3,080	662
Others	255	253	2
TOTAL	**4,355**	**3,660**	**695**

18)
OTHER RECEIVABLES

This item amounted to Euro 227 thousand and was made up as follows:

Other receivables	31/12/2017	31/12/2016	Change
Tax receivables	48	57	(9)
Receivables from personnel	55	64	(9)
Advances to suppliers	77	60	17
Various receivables	47	152	(105)
Receivables from related parties	-	-	-
TOTAL	**227**	**333**	**(106)**
Within the following year	227	333	(106)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**227**	**333**	**(106)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the other receivables is considered to reflect their fair value.

19)
CURRENT TAX RECEIVABLES

Income tax receivables referred to advances or direct taxes awaiting reimbursement:

Current tax receivables	31/12/2017	31/12/2016	Change
Current tax receivables	1	169	(168)
Receivables from related parties	-	-	-
TOTAL	**1**	**169**	**(168)**
Within the following year	1	169	(168)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1**	**169**	**(168)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

20)
FINANCIAL RECEIVABLES

The value of Financial receivables expiring within 12 months amounting to Euro 31 thousand recorded no significant changes compared to the previous financial period.

Current financial receivables	31/12/2017	31/12/2016	Change
Receivables from related parties	-	-	-
Other financial receivables	31	32	(1)
Financial accruals and deferrals receivable	-	-	-
TOTAL	**31**	**32**	**(1)**
Within the following year	31	32	(1)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**31**	**32**	**(1)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the financial receivables is considered to reflect their fair value.

21)
CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 3,549 thousand and were made up as follows:

Cash and cash equivalents	31/12/2017	31/12/2016	Change
Cash and cash equivalents	7	4	3
Bank and postal deposits	3,542	7,498	(3,956)
TOTAL	**3,549**	**7,502**	**(3,953)**

The balance represented the cash and valuables available at the year-end date. The values stated may be converted readily into cash and are subject to an insignificant risk of a change in value. The changes compared to the previous period are shown in the Cash Flow Statement.

It is considered that the book value of the cash assets is aligned with their fair value on the balance sheet date.

The credit risk related to the cash and cash equivalents is limited, as the counterparties are leading national banks.
Pursuant to the requirements set out in Consob Communication No. 15519 of 28 July 2006, we note that Group's Net Financial Position was as follows:

Consolidated Net Financial Position	***NOTES***	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	**21**	(7)	(4)
B. Bank and postal deposits	**21**	(3,542)	(7,498)
C. Securities held for trading		-	(93)
D. Cash and cash equivalents (A) + (B) + (C)		**(3,549)**	**(7,595)**
E. Current financial receivables		**(31)**	**(32)**

F. Current bank payables		55	153
G. Short-term portion of medium to long-term bank borrowings		171	-
H. Current financing from Shareholders		-	-
I. Other current financial payables		-	7
of which in respect of related parties		-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**29**	**226**	**160**
K. Current net financial debt (D) + (E) + (J)		**(3,354)**	**(7,467)**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		5,197	4,038
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		952	15
P. Net non-current financial debt (L) + (M) + (N) + (O)	**25**	**6,149**	**4,053**
Q. Net financial debt CESR (K) + (P) (*)		**2,796**	**(3,414)**
R. Non-current financial receivables	**13**	**(489)**	**(663)**
S. Net financial debt(Q) + (R)		**2,307**	**(4,078)**
of which excludes Shareholder financing		*2,307*	*(4,078)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

The *Net financial position* was negative for Euro 2.3 million, compared to the positive Euro 4.1 million at 31 December 2016.

BALANCE SHEET INFORMATION

LIABILITIES AND NET EQUITY

22)
NET EQUITY

A breakdown of the net equity items is given below, while the related changes are shown in the relevant schedule.

Net Equity	31/12/2017	31/12/2016	Change
Share capital	24,331	14,331	10,000
Extraordinary reserve	(18)	(18)	-
Conversion reserve	1,587	1,642	(55)
Capital account reserve	20,000	20,000	-
Future share capital increase reserve	-	10,000	(10,000)
IAS 19 actuarial valuation reserve	(1,211)	(1,240)	29
Fair value reserve	(1,515)	(1,515)	-
Profit/(loss) carried forward	(17,792)	(14,452)	(3,340)
Profit (loss) for the period	(1,490)	(3,340)	1,850
TOTAL	**23,892**	**25,408**	**(1,516)**

The share capital was made up as follows:

Shares	Number	Nominal value
Ordinary shares	83,536,898	No value
Total	**83,536,898**	

As previously noted, on 1 March 2017, the extraordinary shareholders' meeting approved the share capital increase from Euro 14,330,645.50 to Euro 24,330,645.50 by the issue of 41,768,449 ordinary shares of no nominal value, with the same characteristics as outstanding ordinary shares. The transaction, which was set for 6 March 2017, took place by allocation to the share capital of an equal amount taken from the "Free future share capital increase reserve" and with free allocation to shareholders, in the ratio of 1 (one) newly issued ordinary share to 1 (one) ordinary share owned.

Therefore on the closing date the following shares were in circulation:
83,536,898 ordinary shares with no nominal value and the company's share capital was Euro 24,330,645.50.

The *Conversion reserve* was generated from the process of converting the Financial Statements of the foreign subsidiaries TAS Helvetia, TAS Americas and TAS USA.

The *Actuarial valuation reserve* was generated by the recognition of actuarial gains and losses in the Comprehensive Income Statement. The changes were as follows:

Movements in the actuarial valuation reserve	2016
Actuarial valuation reserve 1.1.2016	**(929)**
Effect of actuarial valuation	(272)
Tax effect on actuarial valuation	(39)
Actuarial valuation reserve 31.12.2016	**(1,240)**

Movements in the actuarial valuation reserve	2017
Actuarial valuation reserve 1.1.2017	**(1,240)**
Effect of actuarial valuation	33
Tax effect on actuarial valuation	(4)
Actuarial valuation reserve 31.12.2017	**(1,211)**

With regard to the comments on the Comprehensive Income Statement reference is made to Note 38 in this section.

NON-CURRENT LIABILITIES

23) EMPLOYEE SEVERANCE INDEMNITY PROVISION

The provision represents the severance pay liability to be paid to employees in the case of contract termination, and is represented net of the advances paid. This item mainly reflected the Group's residual liability relating to the indemnity granted to employees in Italy until 31 December 2006. If specific conditions occur, it may be paid in advance to an employee during his service. The changes compared to the previous year are as follows:

Employee severance indemnity provision (TFR)	31/12/2017	31/12/2016	Change
Employee severance indemnity provision	4,718	4,954	(236)
TOTAL	**4,718**	**4,954**	**(236)**

The fund is made up as follows:

Employee severance indemnity provision (TFR)	31/12/2017	31/12/2016	Change
Italian TFR	3,838	4,070	(233)
TAS Helvetia pension plans	880	884	(3)
TOTAL	**4,718**	**4,954**	**(236)**

The movement was as follows:

employee severance indemnity provision changes	31.12.2016
Employee Severance indemnity provision 1.1.2016	**4,716**
Provision for the period	1,202
Interest costs	55
Amount paid to INPS Treasury fund	(1,178)
Indemnities and advances paid during the year	(190)
Actuarial profit/(loss)	349
Employee Severance indemnity provision 31.12.2016	**4,954**

employee severance indemnity provision changes	31.12.2017
Employee Severance indemnity provision 1.1.2017	**4,954**
Provision for the period	1,260
Acquisition Content Interface Unit	38
Interest costs	57
Amount paid to the INPS Treasury fund and other supplementary funds	(1,296)
Indemnities and advances paid during the year	(262)
Actuarial profit/(loss)	(33)
Employee Severance indemnity provision 31.12.2017	**4,718**

In addition to the effects from the acquisition of the Content Interface Unit, the liabilities during the period include Euro 1,260 thousand for provisions, payments to the INPS treasury fund, utilisations from indemnities paid during the year for a total of Euro 1,558 thousand, a positive effect from the actuarial valuation for Euro 33 thousand and interest costs for Euro 57 thousand.

The actuarial model used for the valuation of severance pay is based on various demographic, economic and financial assumptions.
Where possible, for some of the assumptions express reference has been made to the direct experience of the parent company while for others, industry best practices have been applied.

The main assumptions of the model are given below:

Financial assumptions	
Annual discounting rate	1.30% 0.75% for TAS Helvetia
Annual inflation rate:	1.50% 0.00% for TAS Helvetia
Annual rate of increase in employee severance indemnity	2.625% 0.00% for TAS Helvetia
Demographic assumptions	
Mortality	RG48 mortality table
Disability	INPS tables divided by age and gender
Pension age	100% upon reaching the Mandatory General Insurance requirements

From the historical experience of the parent company and based on the available data, an annual turnover rate of 5% and an anticipation rate of 2% were deduced.

In particular, we note that:

- the **Annual discounting rate** in Italy used to calculate the current figure for the obligation was determined according to par. 78 of IAS 19, with reference to the IBoxx Eurozone Corporate AA 10+ index;
- the **Annual rate of increase in employee severance indemnity** in Italy pursuant to Art. 2120 of the Italian Civil Code is 75% of inflation plus 1.5 percentage points.

The sensitivity analysis for the Italian TFR appears below:

Sensitivity analysis of main evaluation parameters on data at 31.12.2017	TFR [Employee Severance Pay]	Delta	%
+ 1% on turnover rate	3,816	- 21.09	-0.6%
- 1% on turnover rate	3,861	23.54	0.6%
+ 1/4% on annual inflation rate	3,894	56.11	1.4%
- 1/4% on annual inflation rate	3,783	- 55.02	-1.5%
+ 1/4% on annual discounting rate	3,749	- 88.07	-2.3%
- 1/4% on annual discounting rate	3,929	91.37	2.3%

The sensitivity analysis of TAS Helvetia's pension plan appears below:

Sensitivity analysis of main evaluation parameters on figures at 31.12.2017	PENSION PLAN	Delta	%
+ 0.50% on annual inflation rate	886	5.28	0.6%
- 0.50% on annual inflation rate	NA	NA	NA
+ 0.50% on annual discounting rate	798	- 82.77	-9.4%
- 0.50% on annual discounting rate	976	95.97	10.9%
+1 year on mortality rate	900	19.37	2.2%
-1 year on mortality rate	860	- 20.25	-2.3%

24)
PROVISIONS FOR RISKS AND CHARGES

This item amounted to Euro 476 thousand and referred to provisions made exclusively by the Parent Company:

Risk provisions	31/12/2017	31/12/2016	Change
Provision for risks	336	23	313
Other provisions	140	140	-
TOTAL	**476**	**163**	**313**

The changes are shown below:

Risk provision changes	31.12.2016
Opening balance at 1.1.2016	**163**
Increases	-
Utilisation	-
Risk provision at 31.12.2016	**163**

Risk provision changes	31.12.2017
Opening balance at 1.1.2017	**163**
Increases	313
Utilisation	-
Risk provision at 31.12.2017	**476**

The item *Provisions for risks* refers mainly to disputes with customers and former employees.
The item *Other provisions* relates to orders where it is likely that the total cost will exceed the corresponding revenue.

25)

NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities for Euro 6,149 thousand mainly referred only to the renegotiated pool loan.

Non-current financial liabilities	31/12/2017	31/12/2016	Change
Payables to other lenders	952	15	937
Payables to banks	900	-	900
Pool finance (nominal value)	5,000	5,000	-
Effect of recognition at the amortised cost of pool finance	(703)	(962)	259
TOTAL	**6,149**	**4,053**	**2,096**
Within the following year	-	-	-
From 1 to 5 years	5,820	4,053	1,767
More than 5 years	329	-	329
TOTAL	**6,149**	**4,053**	**2,096**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The increase compared to 31 December 2016 is mainly attributable to financing accessed by the French subsidiary to construct the new Data Centre.

The following table contains the breakdown of the residual remodelled pool loan.

(In thousands of	**Date loan taken out**	**Date of loan expiry (1)**	**Base rate of interest (2)**	**Spread (2)**	**Nominal Value**	***Delta V. Nom. and Fair Value*** **al 4.08.2016 (3)**	***Residual to ammort.*** **at 31.12.2017 (4)**	**Balance at 31.12.2017**
Line 2020	04/08/16	31/12/20	N.a.	N.a.	5,000	(1,063)	(703)	4,297
Pool loan					**5,000**	**(1,063)**	**(703)**	**4,297**

(1) The TAS-Banks Agreement provides for repayments of 2 million in 2019 and 3 million in 2020.

(2) The TAS-Banks Agreement provides for a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points.

(3) Less fair value compared to the nominal value at the date the TAS-Creditor Banks Agreement is valid.

(4) Residual cost to amortise.

The bank loan is guaranteed by a lien on 36% of the share capital of TAS and provides for compliance with certain financial parameters, non-compliance with which allows the bank pool to demand immediate repayment of the loan.

In accordance with Consob communication DEM/6064293 of 28 July 2006, the following financial parameters relating to the outstanding debt are provided below:

- Group EBITDA;
- Group net equity.

The following is a summary of the parameters of the new TAS-Banks Agreement:

	Covenant Details			
	EBITDA[7]		Net Equity	
31.12.2017	€	3,131.00	€	16,233.00
31.12.2018	€	4,454.00	€	16,499.00
31.12.2019	€	6,287.00	€	19,495.00
31.12.2020	€	7,797.00	€	23,113.00

According to the TAS Banks Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2017, the financial parameters had been complied with.

CURRENT LIABILITIES

26)
TRADE PAYABLES

The value of trade payables, totalling Euro 27,156 thousand also included trade-related accruals and deferrals payable, and was made up as follows:

Trade payables	31/12/2017	31/12/2016	Change
Advances	677	218	459
Payables to suppliers	16,894	8,953	7,941
Payables to related parties	119	153	(34)
Trade accruals and deferrals payable	9,466	7,213	2,253
TOTAL	**27,156**	**16,537**	**10,619**
Within the following year	27,156	16,537	10,619
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**27,156**	**16,537**	**10,619**
Overdue – less than 1 month	758	800	(42)
Overdue – more than 1 month	528	897	(369)
TOTAL	**1,286**	**1,697**	**(411)**

The figure for *Payables to suppliers* at 31 December 2017 includes the invoices for the resale to one of the Group’s principal customers for a total of Euro 12,630 thousand (Euro 3,849 thousand in 2016).
The item *Advances* included the advances received from customers in relation to supply goods and services not yet completed.
The *trade-related accruals and deferrals* related mainly to the deferral of orders in progress already invoiced to the customer but not yet completed on the year-end date. Specifically, the item includes Euro 4,025 thousand relating to the resale to one of the Group’s principal customers (Euro 4,028 thousand in 2016).

The book value of the trade payables at the balance sheet date is considered to reflect their fair value.

With regard to relations with related companies, reference is made to Note 40 in this section.

[7] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined on page 12 of this document, is adjusted to eliminate the impact of the costs related to the Operation, the non-recurring costs generated by exceptional events and provisions for risks and charges.

27) OTHER PAYABLES

Other payables for Euro 8,471 thousand, related to:

Other payables	31/12/2017	31/12/2016	Change
Tax payables	2,477	2,019	458
Payables to social security institutions	2,107	1,897	210
Various payables	3,887	3,303	584
TOTAL	**8,471**	**7,219**	**1,252**
Within the following year	8,471	7,219	1,252
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**8,471**	**7,219**	**1,252**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The details relating to the other payables appear below:

Tax payables	31/12/2017	31/12/2016	Change
IRPEF payables	1,173	1,128	45
VAT payables	1,285	877	408
Other tax payables	19	14	5
TOTAL	**2,477**	**2,019**	**458**
Within the following year	2,477	2,019	458
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**2,477**	**2,019**	**458**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

IRPEF payables relate to withholding tax on the December payroll.

Social security payables	31/12/2017	31/12/2016	Change
Payable to INPS [pension fund]	1,841	1,647	194
Payables to INAIL and other institutions	204	188	16
Other social security payables	62	62	-
TOTAL	**2,107**	**1,897**	**210**
Within the following year	2,107	1,897	210
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**2,107**	**1,897**	**210**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

Payables to social security institutions relate mainly to contributions payable on the December payroll, and on salaries accruing on the balance sheet date in relation to additional monthly salary payments, holidays not taken and bonuses.

Various payables	31/12/2017	31/12/2016	Change
Payables to personnel	3,593	3,076	517

Various other payables	294	227	67
TOTAL	**3,887**	**3,303**	**584**
Within the following year	3,887	3,303	584
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**3,887**	**3,303**	**584**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

There were no outstanding payables to employees on 31 December 2017.

The book value of the Other payables on the balance sheet date is considered to reflect their fair value.

28)
CURRENT INCOME TAX PAYABLES

Payables for current taxes amounted to Euro 3 thousand and referred to the American holding company's current income tax.

Current tax payables	31/12/2017	31/12/2016	Change
Current tax payables	1	3	(2)
TOTAL	**1**	**3**	**(2)**
Within the following year	1	3	(2)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1**	**3**	**(2)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

29)
CURRENT FINANCIAL PAYABLES

Total current financial payables at 31 December 2017 were Euro 226 thousand.

Current financial payables	31/12/2017	31/12/2016	Change
Payables to other lenders	-	7	(7)
Payables to banks	226	153	73
Financial accruals and deferrals	-	-	-
TOTAL	**226**	**160**	**66**
Within the following year	226	160	66
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**226**	**160**	**66**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The fair value of financing (current and non-current), largely corresponded with the book value.

The structure of the current and non-current financial payables, in terms of the annual interest rate at 31 December 2017 exclusively in Euro, is as follows (nominal values):

Financial payables	zero rate	less than 5%	between 5% and 10.0%
Euro	-	7,078	-
TOTAL	**-**	**7,078**	**-**

As already mentioned, the renegotiated pool finance provides for a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points.
The rest of the debt is mainly made up of financing referring to the French subsidiary at a fixed rate of less than 5%.
On the balance sheet date the Group's exposure to changes in interest rates, and the dates for the review of the rates, were as follows:

Rate review period	31/12/17	31/12/16
From 0 to 6 Months	7,078	5,175

The table below shows the changes in the Group's financial payables (balance sheet values):

Financial payables	31/12/2017	31/12/2016	Change
Non-current	6,149	4,053	2,096
Current	226	159	67
TOTAL	**6,375**	**4,212**	**2,163**

Changes	31.12.2016
Opening balance at 1.1.2016	**21,850**
Recognition effect on fair value of new debt	(1,063)
Recognition effect on amortised cost of new debt	100
Closing release from debt 4.08.2016	(20,000)
Release of amortised cost of old pool loan	3,359
Monetary changes in bank and financial payables	(34)
Closing balance at 31.12.2016	**4,212**

Changes	31.12.2017
Opening balance at 1.1.2017	**4,212**
Recognition effect on amortised cost of new debt	259
Monetary changes in bank and financial payables	1,904
Closing balance at 31.12.2017	**6,375**

At 31 December 2017, the reserve of liquid assets was as follows:

Bank credit lines	***Loans 31.12.2017***	***Utilisation 31.12.2017***	***Availability of credit 31.12.2017***	***Availability of credit 31.12.2016***
Cash credit line	235	(51)	184	15
Self-liquidating lines	-	-	-	-
Financing Lines	5,000	(5,000)	-	-
Other Financing Lines	2,088	(2,023)	65	40
Total Bank Credit Lines	**7,323**	**(7,074)**	**249**	**55**
Factoring Lines	2,210	(382)	1,828	1,564
Total Factoring Credit Lines	**2,210**	**(382)**	**1,828**	**1,564**
Total Banking/Factoring Credit Lines	**9,533**	**(7,456)**	**2,078**	**1,619**
Cash and cash equivalents			3,549	7,502
Total	**9,533**	**(7,456)**	**5,626**	**9,121**

The value of the pool loan mentioned above represents the nominal value of renegotiated debt. The balance sheet value, at the amortised cost, stood at Euro 4,297 thousand.
The Group’s liquidity reserve of € 5.6 million has been considered sufficient to meet existing commitments on the balance sheet date.

30)
POTENTIAL LIABILITIES

For the sake of completeness, it is noted that on 14 July 2017 the Company received a request from the Customs Agency referring to a check on a TAS customer, on behalf of the Tax Office of a EU country, to provide documentation relating to the correct application of intra-Community VAT. This referred to a transaction for the sale of assets related to the resale of hardware; adequate documentation had already been supplied in this regard. On 18 September 2017, the investigation was completed in respect of TAS and no irregularities were found. In consideration of the above therefore, the Company currently has found no elements that would necessitate a provision of any kind to be made.

INFORMATION ON THE INCOME STATEMENT

Comments on the Income Statement follow. These are compared with the relevant figures for the corresponding period in 2016.
It also shows the revenue and costs accruing with regard to related parties.
For more details on the non-recurring items, please refer to the Report on Operations, while for more information on the related-party relations, please refer to Note 40 in this section.

31)
REVENUE

Revenue	31/12/2017	31/12/2016	Change	Change %
Revenue	59,502	45,493	14,009	30.8%
Work in progress	874	581	293	50.4%
Other revenue	1,031	1,892	(861)	(45.5%)
(of which non-recurring)	-	*990*	(990)	(100.0%)
TOTAL	**61,407**	**47,966**	**13,441**	**28.0%**

At 31 December 2017, the Group recorded *Total revenue* for Euro 61,407 thousand, compared to Euro 47,966 thousand for the previous year, broken down as follows:

- Euro 60,376 thousand made up of revenue from typical management (Euro 46,074 thousand in 2016);
- Euro 1,031 thousand made up of other non-typical revenue (Euro 1,892 thousand in 2016).

Other revenue referring to the previous year included non-recurring revenue for Euro 990 thousand referring to a contingent asset resulting from the outcome of a dispute with one of the Company's suppliers.

For more details on the trend in revenue, please refer to the Report on Operations.

32)
COSTS OF PRODUCTION

Costs of production amounting to Euro 56,803 thousand are detailed in the following table:

Costs	31/12/2017	31/12/2016	Change	Change %
Raw materials, consumables and goods	15,089	4,346	10,743	>100.0%
- of which software development costs	*(503)*	*(494)*	*(9)*	*1.8%*
- of which costs third party sftw and hrdw	*14,313*	*4,071*	*10,242*	*>100.0%*
Personnel costs	25,091	23,372	1,719	7.4%
- of which software development costs	*(3,008)*	*(2,787)*	*(221)*	*7.9%*
For services	13,658	13,925	(267)	(1.9%)
- of which software development costs	*(1,097)*	*(967)*	*(130)*	13.4%
- of which costs third party sftw and hrdw	*1,728*	*440*	*1,288*	*>100.0%*
- of which non-recurring	*40*	*634*	*(594)*	*(93.7%)*
Other costs	2,965	2,738	227	8.3%
- of which non-recurring	*312*	*162*	*150*	*92.6%*
TOTAL	**56,803**	**44,381**	**12,422**	**28.0%**

The increase in *Raw materials, consumables and goods* that can be seen in the table, refers almost exclusively to the increased costs for the aforementioned resale of hardware and software.

Personnel costs, the largest liability item on the profit and loss account, went from Euro 23,372 thousand to Euro 25,091 thousand, showing a 7.4% increase compared to 2016.

Personnel costs	31/12/2017	31/12/2016	Change	Change %
Salaries and wages	20,757	19,290	1,467	7.6%
Social security contributions	5,980	5,622	358	6.4%
TFR provision	1,261	1,202	59	4.9%
Other costs	101	45	56	>100.0%
Capitalised development costs	(3,008)	(2,787)	(221)	7.9%
TOTAL	**25,091**	**23,372**	**1,719**	**7.4%**

The item *Other costs* includes the IAS 19 actuarial adjustment for the Swiss subsidiary TAS Helvetia on an insurance policy for social security benefits for its employees.
Reference is made to Note 10 in this section regarding *Capitalised development costs.*

The *costs of services*, excluding costs referring to resales, amounted to Euro 11,930 thousand, down by 11.5% compared to the previous period. These are made up as follows:

Costs of services	31/12/2017	31/12/2016	Change	Change %
Software design and development	2,807	3,564	(757)	(21.2%)
Capitalised development costs	(1,097)	(967)	(130)	13.4%
Professional services from third parties for resale	2,380	2,813	(433)	(15.4%)
Remuneration to directors, statutory auditors and committees	784	577	207	35.9%
Travel costs	1,025	963	62	6.4%
Consulting	2,495	3,135	(640)	(20.4%)
Outsourced IT services	613	490	123	25.1%
Utilities and logistics	817	704	113	16.1%
Insurance	413	377	36	9.5%
Marketing and communication	479	574	(95)	(16.6%)
Personnel services	603	639	(36)	(5.6%)
Other services	611	616	(5)	(0.8%)
TOTAL CORE COSTS	**11,930**	**13,485**	**(1,555)**	**(11.5%)**
Costs third party sftw and hrdw	1,728	440	1,288	>100.0%
TOTAL	**13,658**	**13,925**	**(267)**	**(1.9%)**

Specifically, there was a 20.4% decrease in costs for *Consulting* for Euro 640 thousand and the *Software design and development* costs for Euro 757 thousand (-21.2%).

The item *Other costs* mainly includes costs for use of third-party assets for Euro 1,967 thousand, made up as follows:

Costs for use of third-party assets	31/12/2017	31/12/2016	Change	Change %
Rentals payable	1,556	1,553	3	0.2%
Leasing and hiring	411	400	11	2.8%
TOTAL	**1,967**	**1,953**	**14**	**0.7%**

33) AMORTISATIONS AND DEPRECIATIONS

Amortisations and depreciations amounted to Euro 5,536 thousand and was broken down as follows:

Amortisations and depreciations	31/12/2017	31/12/2016	Change	Change %
Capitalised software	4,326	4,169	157	3.8%
Other intangible fixed assets	265	1,199	(934)	(77.9%)
Tangible fixed assets	809	570	239	41.9%
Other fixed asset impairments	-	50	(50)	(100.0%)
Impairment of trade receivables	136	67	69	>100.0%
TOTAL	**5,536**	**6,055**	**(519)**	**(8.6%)**

The decrease of the item *Other intangible fixed assets* is related to the 2016 termination of the amortisation period of the *Customer list*.

34)

FINANCIAL INCOME AND CHARGES

The balance of financial management was negative for Euro 533 thousand and was made up as follows:

Financial income/(expenses)	31/12/2017	31/12/2016	Change	Change %
Income from non-current receivables	8	9	(1)	(11.1%)
Other income	10	9	1	11.1%
Exchange rate gains	17	27	(10)	(37.0%)
TOTAL FINANCIAL INCOME	**39**	**45**	**(6)**	**(13.3%)**
Interest payable and other financial charges	(481)	(1,050)	569	(54.2%)
Exchange rate losses	(91)	-	(91)	-
TOTAL FINANCIAL CHARGES	**(572)**	**(1,050)**	**478**	**(45.5%)**
TOTAL RESULT OF FINANCIAL MANAGEMENT	**(533)**	**(1,005)**	**472**	**(47.0%)**

The item *Interest payable and other financial charges,* which went from Euro 1,050 thousand in 2016 to Euro 481 thousand at 31 December 2017, included:

- interest payable on loans, current bank accounts and factoring accounts for Euro 104 thousand (Euro 48 thousand in 2016);
- bank charges for Euro 61 thousand (Euro 65 thousand in 2016);
- the effect for the period for Euro 259 thousand relating to the recognition of the amortised cost of the pool finance (Euro 882 thousand in 2016);
- the effect for the period for Euro 57 thousand (Euro 55 thousand in 2016) relating to the recognition of interest costs linked to the actuarial valuation of the employee severance indemnity provision.

Note that the interest rate risk threatening the Group originates almost exclusively from the renegotiated pool loan with the Creditor Banks, which provides a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points. If the Euribor should assume a negative value, the applicable rate will be formally considered zero, and in such cases only the spread would apply.

A hypothetical increase of 0.5% in the interest rates applicable to the above loan would result in increased net expenses before tax for about Euro 20 thousand, for the entire duration of the loan. On the other hand, a 0.5% reduction in interest rates would not entail any benefit because at the balance sheet date the Euribor has a negative value.
This analysis is based on the assumption of a generalised and instantaneous 0.50% change in interest rates, measured in homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial liability is expressed.

35)
TAXES

Current taxes amounted to Euro 115 thousand, while the net balance of the deferred taxes is positive for Euro 86 thousand.

Current and deferred taxes	31/12/2017	31/12/2016	Change	Change %
Current taxes	115	87	28	32.2%
Deferred taxes	(86)	(222)	136	(61.3%)
TOTAL	**29**	**(135)**	**164**	**>(100.0%)**

The taxes included adjustments relating to the recognition of the deferred tax payable and receivable, details of which are given in Note 14 in this section. They have been calculated according to the global allocation principle, taking into account the cumulative effect of all the temporary differences based on the rates expected to be in force at the time when those differences are realised.

36)
PROFIT/(LOSS) PER SHARE

The net result showed a loss of Euro 1,490 thousand compared to the loss of Euro 3,340 thousand for the corresponding period in the previous year. The loss per share for the period was 0.02 Euro, compared with the loss of 0.08 Euro at 31 December 2016.

Earnings per share	31/12/2017	31/12/2016
Share Capital	24,330,646	14,330,646
Profit/(loss) for the year	(1,490,002)	(3,339,508)
Ordinary shares	83,536,898	41,768,449
Weighted average of number of shares in circulation in financial year	**76,556,417**	**41,768,449**
EARNINGS PER SHARE	**(0.02)**	**(0.08)**

As there are no potential shares or any other circumstances that could lead to dilutions, the diluted result per share is the same as the basic result per share calculated above.

37)
OTHER PROFIT/(LOSS)

The value of the Other profit/(loss) is made up as follows:

Other profit/(loss)	31/12/2017	31/12/2016
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	(55)	57
Profit/(loss) deriving from the adjustment of the goodwill of foreign companies	-	-
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	**(55)**	**57**
Actuarial profit/(loss) on defined benefit plans	33	(350)
Income tax relating to Other profit/(loss)	(4)	38
Total Other profit/(loss), net of tax effect	**(26)**	**(255)**

The income tax effect relating to Other profit/(loss) is made up as follows:

	31/12/2017			31/12/2016		
	Gross value	tax (burden)/benefit	Net value	Gross value	tax (burden)/benefit	Net value
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	(55)	-	(55)	57	-	57
Actuarial profit/(loss) on defined benefit plans	33	(4)	29	(350)	38	(312)
Total Other profit/(loss)	**(22)**	**(4)**	**(26)**	**(293)**	**38**	**(255)**

38)
DISCLOSURE OF AUDITING FIRM'S REMUNERATION

According to the provisions of Article 149-*duodecies* of the Issuers Regulations, enacting Legislative Decree No. 58 of 24 February 1998, below are the details of the services rendered by the auditing firm in 2017.
The table below indicates the fees in thousands of Euro, for the accounts auditing and other services.

Type of services	Service provider	Service recipient	Compensation
Accounts auditing	Parent company auditor	Parent company TAS S.p.A.	80
	Parent company auditor	Subsidiaries	6

39)
INFORMATION ON OPERATING SEGMENTS

INFORMATION ON OPERATING SEGMENTS

An operating segment is part of an entity that undertakes business activities that generate costs and revenue, the results of which are periodically reviewed at the highest operational decision-making level so that decisions can be taken about the resources to be allocated to the segment, and the evaluation of its results. A geographical segment refers to a group of activities that supply products or services within a specific economic environment subject to risks and returns that differ from those of segments operating in other economic environments.

We note that at the reporting date for these consolidated Financial Statements, both the operating and geographic segments did not meet the requirements of IFRS 8 to provide for a separate disclosure.
Nonetheless, the information relating to the geographic segment is provided below, as Management considers this information useful to readers of the Financial Statements.

GEOGRAPHIC SEGMENT

The other information about geographic segments is provided below:

Income statement	*31.12.2017*							*31.12.2016*						
€ thousand	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*
Total revenue	**47,478**	**1,128**	**1,637**	**684**	**2,961**	**7,519**	**61,407**	**39,150**	**593**	**988**	**1,129**	**2,737**	**3,369**	**47,966**
(of which non-recurring)	-	-	-	-	-	-	-	*990*	-	-	-	-	-	*990*
Personnel costs	(21,635)	(848)	(906)	(216)	(730)	(756)	(25,091)	(20,247)	(842)	(712)	(248)	(655)	(667)	(23,372)
Other costs	(22,614)	(387)	(492)	(449)	(1,425)	(6,345)	(31,712)	(17,074)	214	(311)	(373)	(1,445)	(2,019)	(21,009)
(of which non-recurring)	*(352)*	-	-	-	-	-	*(352)*	*(796)*	-	-	-	-	-	*(796)*
Total costs	**(44,249)**	**(1,235)**	**(1,398)**	**(665)**	**(2,155)**	**(7,101)**	**(56,803)**	**(37,321)**	**(628)**	**(1,023)**	**(621)**	**(2,101)**	**(2,687)**	**(44,381)**
Amortisations and depreciations	(5,180)	(2)	(27)	(10)	(317)	-	(5,536)	(5,595)	(144)	(70)	(59)	(186)	(0)	(6,055)
Operating result	**(1,950)**	**(109)**	**212**	**9**	**489**	**418**	**(931)**	**(3,767)**	**(178)**	**(105)**	**448**	**450**	**682**	**(2,470)**
Financial income/(expenses)	(466)	1	(1)	(34)	(18)	(16)	(534)	(1,020)	2	(7)	25	(4)	(0)	(1,004)
Profit/(loss) before tax	**(2,416)**	**(108)**	**211**	**(25)**	**471**	**402**	**(1,465)**	**(4,788)**	**(177)**	**(112)**	**473**	**446**	**682**	**(3,475)**
Taxes	-	2	-	(57)	26	-	(29)	-	27	-	(56)	164	-	135
Profit from on-going activities	**(2,416)**	**(106)**	**211**	**(82)**	**497**	**402**	**(1,494)**	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,339)**
Profit from discontinued activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	**(2,416)**	**(106)**	**211**	**(82)**	**497**	**402**	**(1,494)**	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,339)**
Net profit attributable to third parties	-	-	-	(4)	-	-	(4)	-	-	-	0	-	-	0
Profit attributable to Group	**(2,416)**	**(106)**	**211**	**(78)**	**497**	**402**	**(1,490)**	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,340)**

Balance Sheet	31.12.2017						
€ thousand	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*
Intangible fixed assets	20,923	-	1,387	61	93	-	22,464
- *Goodwill*	15,915	-	1,345	61	91	-	17,412
- *Other intangible fixed assets*	5,008	-	42	-	2	-	5,052
Tangible fixed assets	870	4	5	20	2,183	1	3,083
Financial fixed assets	67	-	1	-	-	-	68
Deferred taxes and other Intangible receivables	51	175	-	-	279	-	505
Non-current assets	**21,910**	**179**	**1,393**	**81**	**2,555**	**1**	**26,119**
Net inventories	4,008	37	9	-	-	69	4,123
Trade receivables	30,697	211	537	443	302	7	32,197
Other receivables	116	8	56	10	38	-	228
Accruals and deferrals receivable	4,287	4	15	-	38	11	4,355
Profit/loss for the period	**39,107**	**260**	**617**	**453**	**378**	**87**	**40,902**
Trade payables	(17,176)	(49)	(171)	(39)	(243)	(11)	(17,689)
Other payables	(7,868)	(94)	(109)	(79)	(322)	-	(8,472)
Accruals and deferrals payable	(9,099)	(180)	(70)	-	(28)	(89)	(9,466)
Liabilities for the year	**(34,143)**	**(323)**	**(350)**	**(118)**	**(593)**	**(100)**	**(35,627)**
Net working capital	**4,964**	**(63)**	**267**	**335**	**(215)**	**(13)**	**5,275**
Employee severance indemnity	(3,837)	(881)	-	-	-	-	(4,718)
Provision for risks and charges	(453)	-	-	-	(23)	-	(476)
Non-current liabilities	**(4,290)**	**(881)**	**-**	**-**	**(23)**	**-**	**(5,194)**
Net Invested Capital	**22,585**	**(765)**	**1,660**	**416**	**2,317**	**(12)**	**26,201**
Cash and cash equivalents	2,130	160	3	23	993	240	3,549
Net debt, excl. Shareholders	(3,975)	9	(24)	1	(1,867)	-	(5,856)
Total net financial position	**(1,845)**	**169**	**(21)**	**24**	**(874)**	**240**	**(2,307)**
Total net equity							**(23,894)**
Own assets and financial liabilities	**(1,845)**	**169**	**(21)**	**24**	**(874)**	**240**	**(26,201)**

Balance Sheet	31.12.2016						
€ thousand	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*
Intangible fixed assets	20,389	-	1,394	61	222	-	22,066
- *Goodwill*	15,915	-	1,345	61	91	-	17,412
- *Other intangible fixed assets*	4,474	-	49	-	131	-	4,654
Tangible fixed assets	754	5	3	26	369	-	1,157
Financial fixed assets	67	-	1	-	-	-	68
Deferred taxes and other Intangible receivables	57	175	-	-	197	-	429
Non-current assets	**21,266**	**181**	**1,399**	**87**	**787**	**-**	**23,720**
Net inventories	3,095	36	-	-	13	-	3,144
Trade receivables	18,153	-	352	462	221	-	19,188
Other receivables	281	97	53	11	59	1	502
Accruals and deferrals receivable	3,601	1	4	1	49	3	3,660
Profit/loss for the period	**25,130**	**135**	**409**	**474**	**342**	**4**	**26,493**
Trade payables	(8,848)	(14)	(127)	(61)	(269)	(6)	(9,324)
Other payables	(6,770)	(47)	(85)	(32)	(283)	(5)	(7,222)
Accruals and deferrals payable	(6,919)	(28)	(242)	-	(18)	(6)	(7,213)
Liabilities for the year	**(22,537)**	**(89)**	**(453)**	**(94)**	**(570)**	**(17)**	**(23,759)**
Net working capital	**2,593**	**45**	**(45)**	**381**	**(227)**	**(13)**	**2,734**
Employee severance indemnity	(4,070)	(884)	-	-	-	-	(4,954)
Provision for risks and charges	(140)	-	-	-	(23)	-	(163)
Non-current liabilities	**(4,210)**	**(884)**	**-**	**-**	**(23)**	**-**	**(5,117)**
Net Invested Capital	**19,649**	**(658)**	**1,354**	**468**	**537**	**(13)**	**21,336**
Cash and cash equivalents	6,585	85	2	180	600	50	7,502
Net debt, excl. Shareholders	(3,525)	20	(110)	1	189	-	(3,425)
Total net financial position	**3,060**	**106**	**(108)**	**181**	**789**	**50**	**4,078**
Total net equity							**(25,414)**
Own assets and financial liabilities	**3,060**	**106**	**(108)**	**181**	**789**	**50**	**(21,336)**

The distribution of revenue by geographic area reflects the location of the companies that make up the Group. South America included the turnover for TAS Americas. Spain essentially included the turnover of TAS Iberia, and the revenue from Switzerland and France mainly referred to the subsidiaries TAS Helvetia and TAS France.
Revenue for the item *Other Foreign Countries* included mainly Germany and Great Britain.

With regard to the balance sheet, considering the insignificance of the values relating to Other foreign countries, we considered it appropriate for these to be included in the Italy area.

40)
TRANSACTIONS WITH RELATED PARTIES

The following related-party transactions took place during the period. For the definition of "Related parties", reference has been made to IAS 24 R, approved by Regulation (EC) No 632/2010.
Related-party transactions as defined by IAS 24R were carried out in accordance with laws in force, at normal market prices.
The table below summarises the economic, capital and financial relations with related parties on 31 December 2017:

	OWL SPA	GUM CONSULTING SRL
Trade payables	(79)	(41)
Costs		
Costs of services	(29)	(269)

The only relations with related parties for the period related to:

- interconnected relationships between the Company and the parent company OWL S.p.A. (formerly TASNCH Holding s.p.a) and covered the services of management and coordination of the Group;
- the relations with the company Gum Consulting S.r.l. in which Dario Pardi is a majority shareholder and referred to the compensation including the refund of expenses as Chairman of the Company's Board of Directors at 31 December 2017.

The following information contains details of the impact that related-party transactions had on the Group's financial and asset position:

Impact of related-party transactions			
		Related parties	
	Total	**Absolute Amount**	**%**
a) Impact of related-party transactions on items on the Balance Sheet			
Trade payables	(27,156)	(119)	0.44%
b) Impact of related-party transactions on items on the Income Statement			
Costs of services	(13,658)	(298)	2.18%

41) NUMBER OF EMPLOYEES

Staff	31/12/2017	31/12/2016	Change
TAS	376	364	12
TAS HELVETIA	11	11	-
TAS FRANCE	7	7	-
TAS AMERICAS	4	4	-
TAS IBERIA	16	15	1
TAS GERMANY	1	1	-
TAS USA	-	-	-
Number of employees	**415**	**402**	**13**

42) REMUNERATION TO DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND DIRECTORS WITH STRATEGIC RESPONSIBILITIES

Below are the details of the remuneration (in Euro) payable to the directors, members of the Board of Statutory Auditors, General Managers and directors with strategic responsibilities in the year 2017.

Name and Surname	Position held during the year	Period in which the position was held	Expiry of office	Emoluments payable for position within TAS S.p.A. *	Non-monetary benefits **	Bonuses and other incentives ***	Other benefits ****
Dario Pardi	Chairman	01/01-31/12/2017	Approval of 2019 Financial Statements	188,333		60,000	
Valentino Bravi	Chief Executive Officer	01/01-31/12/2017	Approval of 2019 Financial Statements	61,667	3,077		300,000
Carlo Felice Maggi	Vice Chairman	26/04-31/12/2017	Approval of 2019 Financial Statements	27,733			
Carlotta De Franceschi	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	31,250			
Giancarlo Maria Albini	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	31,667			
Roberta Viglione	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	25,000			
Ambrosella Ilaria Landonio	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	24,267			

Martino Maurizio Pimpinella	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	23,333			
Nicolò Locatelli	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	13,333			
Paolo Colavecchio	Board member	01/01-26/04/2017	End of mandate	5,000	382		33,333
Enrico Pazzali	Board member	01/01-26/04/2017	End of mandate	8,333			
Andrèe Bazile Suzan	Board member	01/01-26/04/2017	End of mandate	6,667			
Total directors' remuneration				**446,583**	**3,460**	**60,000**	**333,333**
Antonio Mele	Standing Auditor	01/01-31/12/2017	Approval of 2019 Financial Statements	38,133			
Claudia Sgualdino	Standing Auditor	26/04-31/12/2017	Approval of 2019 Financial Statements	20,800			
Silvano Crescini	Chairman	26/04-31/12/2017	Approval of 2019 Financial Statements	20,800			
Carlo Ticozzi Valerio	Chairman	01/01-26/04/2017	End of mandate	13,884			
Simonetta Bissoli	Standing Auditor	01/01-26/04/2017	End of mandate	10,400			
Total auditors' remuneration				**104,018**	**-**	**-**	**-**
TOTAL REMUNERATION				**550,600**	**3,460**	**60,000**	**333,333**
Directors with strategic responsibilities*****					**2,477**	**71,682**	**334,167**

* The amounts stated refer to the payment authorised by the Shareholders' Meeting.
** Included fringe benefits.
*** The stated amounts refer to the variable portion of remuneration.
**** Includes salary from paid employment. Does not include welfare contributions payable by employer.
***** Included the 3 managers in office on 31 December 2017.
For more details, please refer to the Remuneration Report.

For the Board of Directors
the Chief Executive Officer
VALENTINO BRAVI

Certification of the Consolidated Financial Statements pursuant to Art. 81-*ter* of the Consob Regulation No.11971 of 14 May 1999, as amended.

The undersigned Valentino Bravi, Chief Executive Officer, and Paolo Colavecchio, as Officer in charge of the preparation of the company accounting documents for TAS S.p.A. also considering that as established by Art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, certify:

- the adequacy in respect of the Company's characteristics, and
- the effective application,

of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements during the financial period from January-December 2017.

It is also hereby certified that the Consolidated Financial Statements at 31 December 2017:

a. have been drawn up according to the international accounting standards applicable and recognised in the European Community pursuant to the regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
b. correspond to the balances in the accounting records;
c. provide a true and correct representation of the equity and economic and financial situation of the issuer and of all the companies included in the consolidation.

The Report on Operations includes a reliable analysis of the trend and operating profit, in addition to the position of TAS and all businesses included in the consolidation and a description of the main risks and uncertainties to which they are exposed.

Bologna, 21 March 2018

Chief Executive Officer
Valentino Bravi

Financial Reporting Officer
Paolo Colavecchio

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Share capital Euro 24,330,645.50 fully paid-up.
R.E.A. No. RM 732344
VAT number 03984951008
Tax code and Rome Co. Reg. no. 05345750581
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Company subject to the direction and coordination of OWL S.p.A. based in Milan, Via dell'Annunciata 23/4 - Tax Code and Milan Company Reg.

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered Office Via Cristoforo Colombo, 149 - 00142 Rome (RM) - Fully paid-up Share Capital: Euro 24.330645,50 - Registration Company Reg. and Tax Code 05345750581 - Rea 732344

FINANCIAL STATEMENTS AT 31 December 2017

Balance sheet	***Notes***	***31.12.2017***	***31.12.2016***
Intangible fixed assets	**11**	20,401	19,867
- Goodwill		*15,393*	*15,393*
- Other intangible fixed assets		*5,008*	*4,474*
Tangible fixed assets	**12**	870	754
Investments and other securities	**13**	8,710	10,547
Financial fixed asset receivables	**14**	306	500
Other receivables	**15**	51	57
Total non-current assets		**30,338**	**31,724**
Net inventories	**16**	4,008	3,095
Trade receivables	**17**	36,270	22,314
(of which in respect of related companies)		*1,279*	*558*
(of which trade accruals and deferrals)		*4,292*	*3,604*
Other receivables	**18**	117	112
(of which in respect of related companies)		*2*	*18*
Receivables for current taxes on income	**19**	-	169
Financial receivables	**20**	21	21
Cash and cash equivalents	**21**	2,130	6,585
Total current assets		**42,547**	**32,296**
TOTAL ASSETS		**72,884**	**64,020**
Share capital		24,331	14,331
Other reserves		18,088	28,073
Profit/(loss) of previous years		(9,677)	(6,489)
Profit/(loss) for the year		(3,083)	(3,188)
Net Equity	**22**	**29,658**	**32,726**
Employee severance indemnity provision	**23**	3,838	4,070
Provisions for risks and charges	**24**	453	140
Financial payables	**25**	4,297	4,038
Total non-current liabilities		**8,587**	**8,248**
Trade payables	**26**	26,781	16,267
(of which in respect of related companies)		*620*	*654*
(of which trade accruals and deferrals)		*9,105*	*6,919*
Other payables	**27**	7,853	6,770
Financial payables	**28**	4	8
Total current liabilities		**34,638**	**23,045**
TOTAL LIABILITIES		**72,884**	**64,020**

Income statement	***Notes***	***31.12.2017***	***31.12.2016***
Revenue		54,530	41,236
(of which in respect of related companies)		*922*	*442*
Work in progress		913	509
Other revenue		1,343	2,125
(of which non-recurring)		-	*990*
(of which in respect of related companies)		*459*	*334*
Total revenue	**30**	**56,786**	**43,869**
Raw materials, consumables and goods		(14,503)	(4,139)
(of which in respect of related companies)		*(20)*	*(16)*
Personnel costs		(22,417)	(20,989)
Costs of services		(12,565)	(13,132)
(of which non-recurring)		*(40)*	*(634)*
(of which in respect of related companies)		*(1,484)*	*(1,574)*
Other costs		(2,542)	(2,163)
(of which non-recurring)		*(312)*	*(63)*
Total costs	**31**	**(52,027)**	**(40,422)**
Depreciation and amortisation	**32**	(5,107)	(5,572)
Write-downs	**32**	(2,253)	(23)
Operating result		**(2,600)**	**(2,149)**
Financial revenue		30	12
Financial charges		(512)	(1,051)
Results of financial management	**33**	**(482)**	**(1,039)**
Profit/(loss) before tax		**(3,083)**	**(3,188)**
Taxes	**34**	-	-
Profit/(loss) from continuing operations		**(3,083)**	**(3,188)**
Profit/(loss) from non-continuing operations		-	-
Profit/(loss) for the year		**(3,083)**	**(3,188)**

Comprehensive income statement	***Notes***	***31.12.2017***	***31.12.2017***
Net profit/(loss) pertaining to Company (A)		**(3,083)**	**(3,188)**
Other profits/(losses), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss):			
Actuarial profit/(loss) on defined benefit plans		15	(156)
Tax effect		-	-
Total Other profit/(loss), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss)	**35**	**15**	**(156)**
Total Profit/(loss) (A) + (B)		**(3,068)**	**(3,344)**

Cash Flow Statement	***Notes***	***31/12/2017***	***31/12/2016***
Profit/(loss) for the year		(3,083)	(3,188)
Amortisations and depreciations	**32**	7,360	5,595
Change to employee severance provision	**23**	(211)	(166)
Change in provisions for risks and charges	**24**	312	(286)
Other non-monetary changes		328	40
Decrease/(increase) in inventories and other current assets		(14,772)	(697)
Increase/(decrease) in accounts payable and other liabilities		11,597	(1,269)
Cash flow from operating activities		**1,530**	**29**
Net change in intangible fixed assets	**11**	(5,101)	(4,588)
Net change in tangible fixed assets	**12**	(657)	(587)
Transfer 1% of TAS Americas		-	2
Recapitalisation TAS USA and TAS Germany Gmbh	**13**	(343)	(158)
Cash flow from investments		**(6,100)**	**(5,331)**
Change in financial payables to related parties/subsidiaries	**25/28**	-	(26)
Change in other financial receivables	**14**	194	(72)
Change to other financial payables	**25/28**	(4)	(4)
Paid financial charges		(75)	(93)
Payment to a future share capital increase	**22**	-	10,000
Cash flow from financing		**115**	**9,806**
Change in cash and cash equivalents		**(4,455)**	**4,504**
Cash and cash equivalents - initial balance		**6,585**	**2,080**
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	**21**	**2,130**	**6,585**

Statement of Changes in Shareholders' Equity

	Share capital	Other res.	Act. val. reserve	Profit/(loss) carried forward	Reserve for the year	Total
Balances at 31 December 2015	**14,331**	**-**	**(257)**	**(0)**	**(6,489)**	**7,585**
Allocation of 2015 profit	-	-	-	(6,489)	6,489	-
Release from debt and payments for future capital increase	-	28,485	-	-	-	28,485
Profit/(loss) for the period	-	-	(156)	-	(3,188)	(3,344)
Other changes	-	-	-	-	-	-
Balances at 31 December 2016	**14,331**	**28,485**	**(412)**	**(6,489)**	**(3,188)**	**32,726**
Allocation of 2016 profit	-	-	-	(3,188)	3,188	-
Free capital increase	10,000	(10,000)	-	-	-	-
Profit/(loss) for the period	-	-	15	-	(3,083)	(3,068)
Other changes	-	-	-	-	-	-
Balances at 31 December 2017	**24,331**	**18,485**	**(398)**	**(9,677)**	**(3,083)**	**29,658**

EXPLANATORY NOTES

INTRODUCTION

TAS Tecnologia Avanzata dei Sistemi S.p.A. (hereinafter "TAS", the "Company" or the "Parent Company") is a joint-stock company [*società per azioni*] listed on the Milan Stock Exchange [Borsa Italiana S.p.A] on the standard segment of the MTA market. It is held for 81.091% by OWL S.p.A. (formerly TASNCH Holding), a subsidiary held indirectly by Dario Pardi, also Chairman of the Board of Directors of TAS and by Valentino Bravi, Chief Executive Officer of the Company, by their family members and a group of investors.

These Financial Statements were prepared by the Board of Directors on 21 March 2018, for approval by the Shareholders' Meeting called for 26 April 2018 at the first call, and 30 April 2018 at the second call.

1) INFORMATION REQUIRED BY CONSOB PURSUANT TO ART. 114 OF ITALIAN LEGISLATIVE DECREE 58/98

Based on the Consob notification received on 23 June 2017, the Company is no longer required to provide supplementary disclosures on a monthly basis, pursuant to Art. 114, paragraph 5 of the TUF, thus no longer forming part of the black list. As a replacement for these obligations, Consob has asked the Company to provide supplementary information as from the interim financial report at 30 June 2017 in its annual and half-year financial reports and in interim management reports (when published on a voluntary basis), and where applicable, in press releases referring to the approval of the aforementioned accounting documentation:

a) net Financial Position of the Company and Group under which it falls, with details of the short-term component separate from the medium-long term

The Company's *Net financial position* was negative for Euro 1.8 million, compared to the positive Euro 3.1 million at 31 December 2016.

Statutory Net Financial Position	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	(2)	(2)
B. Bank and postal deposits	(2,128)	(6,583)
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**(2,130)**	**(6,585)**
E. Current financial receivables	**(21)**	**(21)**
of which in respect of related parties	-	-
F. Current bank payables	4	7
G. Current portion of medium to long-term bank borrowings	-	-
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	-
of which in respect of related parties	-	-
J. Payables and other current financial liabilities (F) + (G) + (H) + (I)	**4**	**8**

K. Current net financial debt (D) + (E) + (J)	**(2,147)**	**(6,598)**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	4,297	4,038
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	-	-
P. Net non-current financial debt (L) + (M) + (N) + (O)	**4,297**	**4,038**
Q. Net financial debt CESR (K) + (P) (*)	**2,151**	**(2,560)**
R. Non-current financial receivables	**(306)**	**(500)**
S. Net financial debt(Q) + (R)	**1,844**	**(3,060)**
of which excludes Shareholder financing	*1,844*	*(3,060)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

The Group's *Net financial position* was negative for Euro 2.3 million, compared to the positive Euro 4.1 million at 31 December 2016.

Consolidated Net Financial Position	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	(7)	(4)
B. Bank and postal deposits	(3,542)	(7,498)
C. Securities held for trading	-	(93)
D. Cash and cash equivalents (A) + (B) + (C)	**(3,549)**	**(7,595)**
E. Current financial receivables	**(31)**	**(32)**
F. Current bank payables	55	153
G. Short-term portion of medium to long-term bank borrowings	171	-
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	7
of which in respect of related parties	-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**226**	**160**
K. Current net financial debt (D) + (E) + (J)	**(3,354)**	**(7,467)**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	5,197	4,038
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	952	15
P. Net non-current financial debt (L) + (M) + (N) + (O)	**6,149**	**4,053**
Q. Net financial debt CESR (K) + (P) (*)	**2,796**	**(3,414)**
R. Non-current financial receivables	**(489)**	**(663)**
S. Net financial debt(Q) + (R)	**2,307**	**(4,078)**
of which excludes Shareholder financing	*2,307*	*(4,078)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

b) The outstanding debt of the Company and the Group it falls under, broken down by type (financial, commercial, tax, social security and in respect of employees) and the related initiatives as a response from creditors (reminders, injunctions, supplies suspended etc.)

At 31 December 2017, the Parent Company had past due trade payables, including those falling due at 31 December, for Euro 1,523 thousand of which Euro 342 thousand in respect of subsidiaries/the parent company. No creditor has undertaken response action. The lowest past due is at 30 days for Euro 787 thousand. At 31 December 2017, there were no payables outstanding of a financial nature, relating to tax and/or social security or in respect of employees.

As far as the companies in the Group are concerned:

- TAS Helvetia S.a.: has no past due debts of any kind;
- TAS France S.a.s.u.: has no past due debts of any kind;
- TASAMERICAS Ltda: at 31 December 2017, had Euro 430 thousand outstanding in respect of the Parent Company TAS S.p.A.. There were no other past due debts of any kind;
- TAS Iberia S.l.u.: at 31 December 2017 has trade payables outstanding for Euro 104 thousand, of which Euro 51 thousand past due by less than 30 days. At 31 December 2017, there was also Euro 328 thousand outstanding in respect of the Parent Company TAS S.p.A.;
- TAS USA Inc.: the American subsidiary has no past due debts.
- TAS Germany GMBH: at 31 December 2017, had Euro 116 thousand outstanding in respect of the Parent Company TAS S.p.A.. There were no other past due debts of any kind.

c) the main changes in relations with the related parties of this Company and the Group it falls under, compared to the last approved annual or interim financial statements pursuant to art. 154-*ter* of the TUF

Relations with the Company and Group's related parties detailed under Note 37 in this section, have not undergone substantial changes and are in line with the interim financial report at 30 June 2017.

d) possible lack of compliance regarding covenants, negative pledges and other debt clauses for the Group involving restrictions in the utilisation of financial resources, with confirmation and updated date of level of compliance of said clauses

The current agreement between TAS and the Creditor Banks signed on 17 May 2016 and effective from 4 August 2016 under a restructuring plan pursuant to Art. 67, paragraph 3 letter d) of Royal Decree 267/1942, concluded between the Creditor Banks and TAS on 17 May 2016 ("the TAS-Banks Agreement") requires compliance with the following financial parameters, to be calculated at the end of each financial period (31 December):

	EBITDA[8]	**Net Equity**
31.12.2017	3,131.00	16,233.00
31.12.2018	4,454.00	16,499.00
31.12.2019	6,287.00	19,495.00
31.12.2020	7,797.00	23,113.00

[8] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined on page 12 of this document, is adjusted to eliminate the impact of the costs related to the Operation, the extraordinary costs generated by exceptional events and provisions for risks and charges.

According to the TAS Banks Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2017, the financial parameters had been complied with.

e) the implementation status of the business plan, highlighting possible disparities between actual and forecast figures.

The table below compares the main indicators with the final results at 31 December 2017:

In millions of Euro	Final data	Plan data	Delta
Total revenue	56.8	43.2	13.5
Total operating costs	(56.6)	(45.2)	(11.4)
Gross operating margin (EBITDA)	0.2	(2.0)	2.1
R&D costs	4.6	4.1	0.5
MOL + R&D costs	4.8	2.1	2.6
Operating result	(2.6)	(2.5)	(0.1)
Net profit	(3.1)	(2.6)	(0.5)
Net financial position	(1.8)	2.0	(3.8)

Final data at 31 December 2017 record increases in the volumes of revenue and costs in relation to the 2016-2020 Business Plan (“Plan”) (including revenue pertinent to hardware and software resales to third parties for Euro 16.5 million and the relevant costs for Euro 16 million). Final data in terms of the gross operating margin was higher by Euro 1.7 million compared to the Plan. The net financial position worsened compared to the Plan by Euro 3.8 million.

Based on what has been set out above, the suppositions underlying the preparation of the 2016-2020 Business Plan and the relevant financial operations included in the aforementioned TAS-Banks agreement are confirmed. These suppositions are still deemed current on the basis of the final data for 2017 that has improved in relation to the Plan data. On this premise, the Directors evaluated whether the supposition of a going concern was applicable to the preparation of the annual financial statements, concluding that this was adequate as there were no doubts regarding business continuity.

2) VALUATION CRITERIA

REFERENCE ACCOUNTING STANDARDS

The annual Financial Statements for 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the measures implementing Art. 9 of Legislative Decree No. 38/2005. IFRS also means the currently applicable International Accounting Standards (IAS) and all of the interpretation documents issued by the IFRS Interpretations Committee, formerly known as International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee before that (SIC).

The Financial Statements were prepared on the basis of the historic cost principle, modified where required for the valuation of certain assets and liabilities, where the fair value principle was applied, and the assumption of a going concern, as detailed above.

FINANCIAL STATEMENTS

The Financial Statements are presented in thousands of Euro.
The Financial Statements structures adopted by the Group have the following characteristics:

- in the Balance Sheet, assets and liabilities were analysed according to when they fall due, separating current and non-current items with due dates within or after 12 months from the date of the Financial Statements, respectively;
- the Income Statement and the Comprehensive Income Statement were presented with the different items analysed based on their nature;
- the Statement of changes in the equity statements were prepared in accordance with IAS 1 provisions;
- the Cash Flow Statement shows cash flows based on the "indirect method", as permitted by IAS 7.

<u>Use of estimates and assumptions in the preparation of the annual Financial Statements</u>

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the Balance Sheet and Income Statement, as well as the disclosure of contingent assets and liabilities reported in the Financial Statements. The production of such estimates involves the use of available information and the adoption of subjective assessments based on past experience, which are used to formulate reasonable assumptions for the recognition of operations. By their nature, these estimates and assumptions may change from year to year and, therefore, cannot be excluded that, in future years, the current values entered in the Financial Statements may differ significantly as a result of changes in the subjective valuations.

The main areas where subjective judgments by management were required include:

- the quantification of losses for impairment of loans and, generally, other financial assets;
- the determination of fair value of financial instruments;

- an assessment on whether the goodwill, other intangible fixed assets and investments are appropriate (it is noted that, due to the importance of this particular item, a sensitivity analysis was carried out. Reference is made in this regard to Note 9 and 11);
- an estimate of contract costs for WIP on order based on the criteria relating to the completed percentage;
- the quantification of severance indemnity provisions and the risks and charges provisions;
- estimates and assumptions relating to the recoverability of deferred tax assets.

The description of the accounting policies applied to the main aggregates of the Financial Statements provides the information needed to identify the key assumptions and subjective evaluations used in the preparation of the Financial Statements. Reference is made to the specific sections of the Notes for more information and details on the item's composition and amounts involved in these estimates.

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not individually identified and separately recognised, or it is determined as the positive difference between the consideration transferred (equal to the fair value at the acquisition date) and the net amounts at the date of acquisition of the assumed identifiable assets and liabilities.
It is entered in the balance sheet as an intangible asset.
Goodwill is recorded at cost and is not amortised but is subject to impairment tests once a year or more frequently if any events or changes in circumstances indicate possible losses in value (impairment losses), according to the provisions of IAS 36 – Impairment of assets.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
In the context of First-time Adoption IAS/IFRS, it was decided not to apply IFRS 3 retrospectively to the business combinations that occurred before 1 January 2005; as a consequence, goodwill arising on acquisitions before the date of transition to IFRS was retained at the previous Italian GAAP amounts, subject to impairment testing at that date.

Research and development expenses

Research costs were charged to the Income Statement at the time the cost was incurred on the basis of IAS 38.
When the costs incurred in respect of software development meet the following conditions, they are recognised as an intangible assets on the asset side of the balance sheet.
Capitalisation begins when the company can demonstrate:

a) the technical possibility of completing the software solution so that it is available for use or sale;
b) its intention to complete the software solution to use it or sell it;
c) its ability to use or sell the software solution;
d) the procedure to generate future economic profits, e.g., by demonstrating the existence of a market for any software-based product or for software itself, or its internal use;

e) the availability of adequate technical, financial and other resources to complete the development of software and the use or sale of the software;
f) the ability to reliably assess the cost attributable to the software during the development phase.

The amortisation of capitalised software development costs is based on a systematic criterion from the initial product availability for use through to the estimated useful life, which is normally three years. The straight-line method is the chosen amortisation approach.

Other intangible fixed assets

Other intangible assets are recognised as assets in accordance with IAS 38 – *Intangible fixed assets*, when it is probable that the use of said assets will generate future economic benefits and if their costs can be reliably measured. Assets are valued at purchase cost and amortised on a straight-line basis over their estimated useful life.

The useful life for each category is as follows:

DESCRIPTION	**YEARS**
Goodwill	Indefinite useful life
Development costs	3 years
Industrial patent rights	5 years
Trademarks	10 years

TANGIBLE FIXED ASSETS

Property, plants and machinery

Tangible fixed assets are recognised at cost and entered at the purchase price or cost of production including the directly attributable ancillary costs necessary to make the assets available for use.

Assets acquired under financial leases, where all the risks and benefits of ownership are substantially transferred to the Company, are classified as tangible assets at their fair value or, if lower, at the present value of minimum lease payments under the lease. The corresponding liability to the lessor, equal to the capital portion of future lease payments, is recognised under financial liabilities. If there is no reasonable certainty that the right of redemption can be exercised, the asset is depreciated over the life of the lease, if shorter than the asset's useful life.
Leases where the lessor substantially retains all the risks and benefits of ownership are classified as operating leases. The costs of operating leases are recognised in the Income Statement over the term of the lease contract.
On 1 January 2019, the new **IFRS 16 - *Leases*** standard will come into effect, replacing IAS 17 - *Leases*. For further details, please refer to Note 4 below.

Tangible assets are systematically depreciated on a straight-line basis throughout their useful life, with this understood as the estimated period in which the asset will be used by the company. Should tangible fixed assets consist of several components with different useful lives, depreciation is calculated separately for each component. The depreciation value is represented by the recognition value less the presumed net value of disposal at the end of its useful life, if significant and reasonably determinable.

The cost of improvements, modernisation or transformation that increases the working life of tangible assets are allocated to the relevant category and depreciated throughout the asset's residual life.

When events occur that lead to expectations of an impairment in the value of tangible assets, their recoverability is verified by comparing the recognition and value against the related recoverable value, represented by the higher of the fair value, net of disposal costs, and the value in use.

In the absence of any binding sale agreement, fair value is estimated on the basis of the values expressed by an active market, by recent transactions, or on the basis of the best information available to reflect the amount that the company could obtain from selling the assets.
The value in use is determined by discounting the expected cash flows deriving from use of the assets and, if significant and reasonably determinable, from its disposal at the end of its life. Cash flows are determined on the basis of reasonable and documented assumptions representing the best estimate of future economic conditions during the asset's remaining life. Discounting takes place at a rate that takes into account the implicit risk in the business sector.

Should the grounds for impairment lapse, the assets would be revalued and the adjustment recognised in the Income Statement as a revaluation (reversal of impairment) up to the amount of the write-down, or the lower of the recoverable value and the carrying value before previous write-downs and reduced by the depreciation had it not been written down.

Depreciation begins when the asset is available for use, taking into account the actual time that condition is realised.

The rates applied by the Company are as follows:

CATEGORY	**RATES**
Specific plants and machinery	15%
Equipment:	15%-20%-25%
Other assets:	
- Cell phones	25%
- Furniture and furnishings	12%
- Electronic office machinery	40%
- Hardware	40%

Impairment of assets (impairment test)

Goodwill, intangible assets with an indeterminate life, and current development costs are subjected to a systematic impairment test, at least once a year or whenever indications of value impairments arise.
Tangible fixed assets and equity investments in subsidiaries, affiliates and joint ventures, as well as intangible fixed assets subject to amortisation undergo an impairment test, whenever impairment indicators occur, and in any case at least once a year.

The reductions in value correspond to the difference between the book value and the recoverable value of an asset. The recoverable value is the higher of the fair value of an asset or a cash generating unit, less the sale costs, and its value in use, defined on the basis of discounted future cash flows. The value in use is the sum of the cash flows expected from the use of an asset, or their sum in the case of cash-generating units.
The discounting of the expected cash flows is carried out according to the weighted average cost of capital (WACC). If the recoverable value is less than the book value, it is entered at the recoverable value, and the impairment in value is recorded on the Income Statement. If the value impairment of the assets (excluding goodwill) ceases to exist, the book value of the assets (or CGU) is increased up to the new estimate of the recoverable value without exceeding the original value.

FINANCIAL ASSETS

Financial assets are removed from the balance sheet when there is no longer any right to receive cash flows from the related asset, and the company has essentially transferred all the risks and benefits to it, and the related control.
On 1 January 2018, the new **IFRS 9 *Financial Instruments*** standard comes into effect, introducing new criteria for the classification and valuation of financial assets and liabilities. For further details, please refer to Note 4 below.

Equity investments

Equity investments in subsidiaries, jointly-owned subsidiaries and affiliated companies are valued on the basis of cost adjusted to reflect value impairments. The other equity investments are valued at the fair value. When the fair value cannot be reliably determined, equity investments are valued at cost, adjusted to reflect losses in value.
The risks arising from any losses exceeding the investment’s book value is recognised in a specific provision, to the extent that the company is obliged to fulfil legal or implied obligations towards the subsidiary, or to cover its losses.

Loans and receivables

These financial instruments mainly consist of trade receivables, non-derivatives, not listed on an active market, which expected to yield fixed or determinable payments. They are entered under the current section with the exception of those expiring more than twelve months after the balance sheet date, in which case they are classified in the non-current section. These assets are valued at cost amortised on the basis of the effective interest rate method. If there is are clear indications of value impairments the asset value is reduced so that it is equivalent to the future flows obtainable in the future. Value impairments are recorded in the Income Statement. If, in subsequent periods, the reasons for the previous write-downs no longer exist, the asset value is restored up to the value that would have resulted from application of the amortised cost, had no write-down taken place.

Investments held to maturity

The Company does not hold these types of investments at the date of the Financial Statements.

Investments available for sale
The Company does not hold these types of investments at the date of the Financial Statements.

Financial assets measured at fair value through profit or loss

The Company does not hold those types of assets at the date of the Financial Statements.

Derivative financial instruments

The Company does not hold those types of derivative financial instruments at the date of the Financial Statements.

Work in progress on order

This relates to Work in Progress on order, for installation activities and services subject to completion.
They are entered in accordance with the completion percentage and provisions of IAS 11 – Construction contract; the costs, revenue and resulting margins are entered in the Income Statement according to the works' stage of completion. The stage of completion of goods or services is valued reliably using the cost-to-cost method: the margin is recorded by taking into account the proportion between the order costs incurred during the year and the total costs incurred, plus the estimated costs needed to finish. If it is likely that the total order costs will exceed the total order revenue, the expected loss is immediately entered as a cost regardless of the stage of completion.

On 1 January 2018 the new **IFRS 15 - *Revenue from Contracts with Customers*** standard comes into effect, setting a new model for recognising revenue. For further details, please refer to Note 4 below.

Cash and cash equivalents

Cash and cash equivalents include liquid assets, bank and postal deposits.

FINANCIAL LIABILITIES

As from 1 January 2018, the new **IFRS 9 *Financial Instruments*** standard comes into effect, introducing new criteria for the classification and valuation of financial assets and liabilities. For further details, please refer to Note 4 below.

Financial liabilities measured at fair value through profit or loss

The Group does not hold those types of liabilities at the date of the Financial Statements.

Financial liabilities valued at amortised cost

Financial liabilities are recorded initially at the cost corresponding to the fair value. Subsequently, financial liabilities held until maturity are valued at the amortised cost. Transaction costs directly attributable to the issue of the liabilities are amortised throughout the life of the loan.
In the event of contract changes associated with renegotiations, the Group's internal accounting policy requires that both a qualitative and quantitative test are carried out.

Employee severance indemnity provision (TFR)

The employee severance indemnity (TFR) is classified as a post-employment benefit and consists of payments due to employees after the termination of their employment contracts.
Under IAS 19 Revised 2011 – *Employee benefits*, the related liability is considered on the basis of a valuation made on the date of the balance sheet, in respect of the service rendered during the current year, and in previous years. The method used is the projected unit credit method applied by independent actuaries.
This calculation consists of estimating the amount of benefit that the employee will receive on the estimated date of termination, using demographic assumptions (such as the rate of mortality and staff rotation rate) and financial assumptions (such as the discount rate and future salary increments). The total calculated in this way is discounted and re-proportioned on the basis of the length of service accumulated, compared to the total length of service, and represents a reasonable estimate of the benefits already accrued by each employee in return for their work.
The actuarial gains and losses deriving from the actuarial calculation are recorded in the Balance Sheet under Reserves IAS 19 and accounted for in the Comprehensive Income Statement. The cost components relating to work and net financial expenses are accounted for in the Income Statement.
With reference to the TFR provision, considered as a defined-benefits plan until 31 December 2006, Law no. 296 of 27 December 2006 (the "2007 Finance Act") and the subsequent decrees and regulations issued during 2007 introduced significant reforms to the way in which quotas of severance pay are allocated, as part of the reforms to the welfare and pensions system.
Specifically, workers can now decide to allocate new TFR benefits to supplementary pension schemes or keep them with the company (for companies with less than 50 staff), or transfer them to the National Pension Fund (INPS) (for companies with more than 50 staff). Following these reforms, the Company has based itself on the generally accepted interpretation and has decided that:

- for TFR benefits accruing up until 31 December 2006 the provision will be a defined-benefits plan to be valued according to the existing actuarial rules but without including the component relating to future salary increases. The difference resulting from the new calculation, compared to the previous one was dealt with a curtailment, in accordance with the provisions under paragraph 109 of IAS 19 and, consequently recorded in the Income Statement;
- for subsequent TFR benefits, whether they are destined for supplementary pension schemes or the Treasury fund held by INPS, they are classified as defined-benefit plans. Components subject to actuarial estimates are excluded from the calculation of the accrual cost.

Provisions for potential risks and liabilities

Provisions for risks and charges relate to costs and charges of a certain nature, or risks and charges which are certain or likely to exist on the closing date but whose amount or date of occurrence is

not yet known. The provisions are recorded when: (i) the existence of a legal or implied obligation deriving from a past event is probable; (ii) it is probable that fulfilment of the liability will involve expenditure; (iii) the amount of the liability can be reliably estimated. The provisions are booked at the value representing the best estimate of the amount that the company would reasonably pay to discharge the obligation or to transfer it to a third party, on the closing date. When the temporal financial effect is significant and the payment dates can be reasonably estimated the provision is discounted.
The costs that the company expects to incur by carrying out restructuring programmes are recognised in the year in which the programme is formally defined, and when the interested parties have a reasonable expectation that the restructuring will take place.
The provisions are periodically updated to reflect any changes in the costs' estimates, realisation times and discounting rates. The revised estimates of the provisions are charged to the same Income Statement headings under which the provision was previously booked, or, when the liability relates to material assets, as a contra-entry to the assets in question.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted at the spot exchange rate prevailing on that date. Exchange differences arising from the settlement of monetary items or from their conversion at rates other than those at which they were initially recorded during the period or in previous financial statements, are recognised in the Income Statement.

Revenue

Revenue from sales and services are recognised when the risks and benefits relating to goods ownership are transferred to the customer, the sale price is agreed or determinable and receipt of payment can be assumed.

Specifically:

- Revenues from proprietary software applications are recognised in the income statement at the time of receipt by the customer of the material required for installation with the customer. As this relates to user licences, the installation of the test environment is considered to represent the transfer of the intangible asset to the client, because, as from that time onwards, the client has the standard software version available.
- Revenue from customised software applications are recognised according to the terms and conditions of the related contract, when the test environments are installed with the client.
- The revenue for maintenance services governed by periodic contracts are recognised on an accrual basis.
- The revenue for fixed-price orders are recognised with reference to the stage of completion on the balance sheet date, according to the completion percentage criterion.
- The revenue for other types of order are recognised at the time when the services were rendered, on an accruals basis.

On 1 January 2018 the new **IFRS 15 -** ***Revenue from Contracts with Customers*** standard comes into effect, setting a new model for recognising revenue. For further details, please refer to Note 4 below.

Government grants

According to the provisions of IAS 20, government grants are only recognised if there is reasonable certainty that:

a. the company will meet the required conditions; and
b. the grants have been received.

Public grants are booked as income, according to a systematic principle, in the years needed to set them against the related costs that the grant is intended to offset.

Taxes

Income taxes include all taxes based upon the taxable profits. Taxes on income are recognised in the Income Statement unless they relate to items directly charged or credited to net equity, in which case the effect is recognised directly in net equity. Provisions for income taxes that could arise on the distribution of the subsidiaries' undistributed profits are only made where there is a real intention to distribute such profits. Deferred taxes are recognised using the full liability method. Deferred tax receivables on unused tax losses and tax credits carried forward are recognised to the extent that is it probable that future profits will be available against which they can be recovered. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same tax authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the periods in which temporary differences will be realised or discharged.
Deferred taxes are not discounted and are classified under non-current assets/liabilities.

Management, coordination and Tax Consolidation

In accordance with Legislative Decree No. 6/2003, it is noted that the Company is subject to the management and coordination of OWL S.p.A. (formerly TASNCH Holding)
The contract, signed in 2008 between the Company and OWL S.p.A., now the parent company of TAS, governs the reciprocal relations resulting from and consequent to implementation of the consolidation option.

Dividends

Dividends payable are reported as a movement in net equity in the period in which they are approved by the Shareholders' Meeting.

Earnings per share

Basic earnings per share are calculated by dividing the Company's net profit by the weighted average number of shares in circulation during the year, excluding treasury shares. For the calculation of the diluted earnings per share, the weighted average number of shares in circulation is adjusted assuming conversion of all potentially diluting shares.

3) ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 01 JANUARY 2017

The following accounting principles, amendments and interpretation were applied for the first time by the Company as from 1 January 2017:

- Amendment to **IAS 7** ”***Disclosure Initiative***” (published on 29 January 2016). The document aims to provide some clarification to improve disclosures on financial liabilities. In particular, the amendments require the disclosure of information that enables users of financial statements to understand the changes in liabilities arising from financing operations, including changes arising from movements in monetary and non-monetary items. The amendments do not stipulate a specific format for the disclosure. Nonetheless, the amendments introduced require that an entity provides a reconciliation between the opening and closing balance for liabilities resulting from financial transactions. It is not necessary to present comparative disclosures relating to prior financial years. The adoption of this amendment has not had any effect on the disclosure provided on the Company's financial statements.

- Amendment to **IAS 12** “***Recognition of Deferred Tax Assets for Unrealised Losses***” (published on 19 January 2016). The document aims to provide some clarification on the inclusion of deferred tax receivables on unrealised losses in the evaluation of financial assets in the “Available for Sale” category upon the occurrence of certain circumstances and on the estimated taxable income for future years. The adoption of these amendments has not had any effect on the Company's financial statements.

4) AIFRS AND IFRIC ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU BUT NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE COMPANY

- Principle **IFRS 15 –** ***Revenue from Contracts with Customers*** (published on 28 May 2014 and supplemented with further clarifications published on 12 April 2016), which aims to replace principles 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 – *Revenues-Barter Transactions Involving Advertising Services*. The principle sets a new recording model for revenue, which will apply to all contracts signed with customers, with the exception of those falling under the scope of application of other IAS/IFRS principles like leasing, insurance contracts and financial instruments. The basic steps for recognising revenue according to the new model are:
  - identifying the contract with the customer;
  - identifying the performance obligations in the contract;

  - determining the price;
  - assigning the price to the contract's performance obligations;
  - the recording criteria for revenue when the entity satisfies each performance obligation.

  The principle is applicable as from 1 January 2018. The amendments to IFRS 15, *Clarifications to IFRS 15 – Revenue from Contracts with Customers* were approved by the European Union on 6 November 2017. The analyses were completed during 2017 to identify the areas relevant to the new regulations and to determine the relative repercussions. In particular, identifying the individual performance obligations in the contract and consequently allocating a price to these, and the subsequent "separate" accounting for each of these, was already implemented by the Company in previous financial periods. The case of contracts referring to the sale of licenses associated with installation, maintenance and other services has always been dealt with separately by the Company, and the adoption of the new standard will not change the accounting criteria applied up to now. The analysis also took into consideration the following cases:

  - Guarantees provided to customers: the sales practices applied by the Company only and exclusively to replace or correct the sections of software that are defective at their own expense; the guarantee provided to the customer does not therefore imply an added service to the assurance that the product in question complies with the specifications agreed on. Furthermore, the customer does not have the option of purchasing the guarantee separately. and the latter does not therefore represent a separate service to be accounted for separately.
  - accounting of "overtime" revenue: with regard to the overtime accounting of revenue resulting from software installations, i.e. based on the extra hours required to complete the job, there are no critical aspects arising from the change in this standard. The accounting of maintenance and other multiple year services is also not influenced by the introduction of IFRS 15.
  - Discounts granted to customers: there were no discrepancies found in the accounting of discounts, resulting from the introduction of the new standard.

  Based on the analyses conducted, Directors do not expect the application of IFRS 15 to have a significant impact on the amounts recorded for revenue and the relevant information in the Company's financial statements. The upcoming adoption of IFRS 15 by the Company will presumably be done on the basis of the amended retrospective method, i.e. without changing the comparative data for 2017 that will be recorded by applying IAS 18.

- Final version of **IFRS 9 – *Financial Instruments*** (published on 24 July 2014). The document contains the outcome of the IASB project to replace IAS 39:
  - it introduces new criteria for the classification and measurement of financial assets and liabilities (together with the measurement of non-substantial changes to financial liabilities);
  - With regard to the impairment model, the new principle requires that the losses estimate on receivables is based on the expected losses model (and not on the incurred losses model used by IAS 39), by using information that is supported and available without unreasonable effort or expense, and that includes historic, current and forecast data;

- introduces a new hedge accounting model (increasing the types of transactions eligible for hedge accounting, changes in the way forward contracts and options are recognised when included in a hedge accounting report, changes to the effectiveness test).

The new principle must be applied to financial statements starting 1 January 2018 or later.

The analyses were completed during 2017 for the correct measurement criteria relating to financial assets and liabilities. In particular, the instances of transferring receivables to factoring companies are non-recurring, and therefore the accounting of receivables using the amortised cost method is deemed appropriate, considering that the business model adopted aims to have these assets for the purpose of collecting contract-based financial flows.

With regard to the impairment model based on expected losses, according to the analyses done, the adoption of the new accounting standard will not have any significant impact.

Equity investments in companies other than subsidiaries, affiliates and joint ventures, must be measured at fair value (no longer measured at cost), and the FVTOCI classification must be used in this respect (this option is utilised on an individual instrument basis). The fair value measurement of "other equity investments" recorded in the financial statements will not have a significant impact on the Company's financial statements.

It is noted that the Company has no hedging strategy in place.

The amended retrospective method will be applied to the transaction, i.e. without the restatement of the comparative period.

- **IFRS 16** – ***Leases*** (published on 13 January 2016) which will replace IAS 17– *Leases*, and 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 principle provides for a new definition of lease and introduces a criterion based the on control (*right of use*) of an asset to distinguish leasing contracts from services contracts, using as differentiating factors: the identification of an asset, the right to its replacement, the right to essentially obtain all the economic benefits deriving from the use of the asset and the right to direct the use of the asset underlying the contract.

  The principle provides a single model for recognising and evaluating leasing contracts for the lessee, which requires the leased asset, including operating assets, to be recorded under assets with a counter entry under financial payables, whilst also providing for contracts referring to low-value assets and leasing contracts with a term of 12 months or less not to be recognised as leasing contracts. The standard does not envisage any significant changes on the other hand for the lessor.

The principle becomes applicable as from 1 January 2019 with early application permitted only for companies that have already applied IFRS 15 - *Revenue from Contracts with Customers*. During 2017, Directors analysed the impact resulting from the application of the new standard in respect of the three main leased properties, and will complete its analyses relating to the remaining leased assets during 2018. The new accounting format will have a significant impact on the Net Financial Position, which can only become clear and quantifiable once the aforementioned analyses are completed.

For the sake of completeness, any impact was also examined with regard to financial covenants covered by the current agreement between TAS and the Creditor Banks. With regard to the calculations to verify compliance with the Financial Parameters, it should be noted that this agreement stipulates that changes to accounting principles that come into effect after the signing of the agreement itself are not to be taken into account (for example, the obligation to apply IFRS 16 as from 1 January 2019 pertinent to the different recognition of leasing and rentals, impacting on the net financial position figure).

The review of all leased assets will be completed during 2018, so as to ascertain their impact on the Company's financial statements.

5) IFRS ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EU

At the reference date of these annual Financial Statements, the European Union had not yet concluded the approval process necessary for the adoption of the following amendments and accounting principles.

- Amendments to **IFRS 2** "***Classification and measurement of share-based payment transactions***" (published on 20 June 2016), which contains some clarifications regarding the recognition of 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 the recognition of changes to the terms and conditions of a *share-based payment* that changes its classification from *cash-settled* to *equity-settled*. The amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Document "***Annual Improvements to IFRSs: 2014–2016 Cycle***", published on 8 December, 2016 (including 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*, IFRS 12 *Disclosure of Interests in Other Entities – Clarification of the scope of the Standard*) which partly supplement existing principles. Most amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Interpretation **IFRIC 22** "***Foreign Currency Transactions and Advance Consideration***" (published on 8 December 2016). The interpretation aims to provide guidelines for transactions made in foreign currencies where they are recognised in the financial statements of non-cash advances or payments on account, before the recognition of the related asset, cost or revenue. This document provides guidance on how an entity should determine the date of a transaction, and as a result, the spot exchange rate to be used in the case of transactions in foreign currencies in which payment is made or received in advance. The IFRIC 22 principle is applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Amendment to **IAS 40** "***Transfers of Investment Property***" (published on 8 December 2016). These amendments clarify the transfer of a property to or from property investment. In particular, an entity must reclassify a property among, or from, property investments only when there is evidence that there has been a change of use of the property. This change must be related to a specific event that has happened and therefore must not concern a mere change of intention by the management of an entity. These amendments are applicable as from 1 January 2018. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- On 7 June 2017, the IASB published the interpretation document **IFRIC 23 – *Uncertainty over Income Tax Treatments***. The document deals with the uncertainties on the tax treatment to apply to income taxes.

  The document specifies that uncertainties in the calculation of tax assets or liabilities are only reflected in the financial statements when it is probable that the entity will receive or pay the amount in question. The document contains no new disclosure requirements, but underlines that the entity must establish whether it is necessary to provide information on management's considerations and on the uncertainties pertinent to the recognition of taxes, in accordance with IAS 1.

  The new interpretation is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of this interpretation to have a significant effect on the Company's Financial Statements.

- Amendment to **IFRS 9** "***Prepayment Features with Negative Compensation*** (published on 12 October 2017). This document specifies that the instruments requiring an early repayment could comply with the "SPPI" test, even in the case where the "*reasonable additional compensation"* to be paid in the case of an early repayment is *"negative compensation"* for the financing party. The amendment is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Amendment to **IAS 28** "***Long-term Interests in Associates and Joint Ventures"*** (published on 12 October 2017)". This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to the other long-term interests in associates and joint ventures where the net equity method is not applied. The amendment is applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Document **"*Annual Improvements to IFRSs 2015-2017 Cycle*"**, published on 12 December 2017 (including IFRS 3 *Business Combinations* e IFRS 11 *Joint Arrangements – Remeasurement of previously held interest in a joint operation*, IAS 12 *Income Taxes – Income tax consequences of payments on financial instruments classified as equity,* IAS 23 *Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation*) which incorporates the changes to certain principles in the scope of the annual improvements. The amendments are applicable as from 1 January 2019, with early application permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- Amendment 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 document was issued to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of a profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associated company in exchange for a stake in the latter's share capital. At this time, the IASB has suspended the application of this amendment.

- **IFRS 14 –** ***Regulatory Deferral Accounts*** (published on 30 January 2014) which only allows whoever adopts IFRS standards for the first time to continue recognising the amounts relating to Rate Regulation Activities according to the previous standards adopted. Given that the Company is not a first-time adopter, this principle is not applicable.

6)
PRINCIPAL RISKS AND UNCERTAINTIES TO WHICH TAS S.P.A IS EXPOSED

In carrying out its business, the Company is exposed to various risks of a financial nature, related to the financial-regulatory and market context which might influence the Company's performance. The Company has an internal control system consisting of a system of rules, procedures and organisational structures intended to enable sound, correct business management, which includes the proper identification, management and monitoring of the principal risks that could threaten the achievement of corporate objectives.
The Company constantly monitors the risks to which it is exposed, in order to assess the potentially negative effects in advance, and so that the best action can be taken to mitigate them.

The Company's risk management policies seek to identify and analyse the risks the Company is exposed to, by establishing appropriate limits and controls and monitoring risks and compliance with such limits.
These policies and related systems are reviewed on a regular basis in order to reflect any changes in market conditions and the Company's activities.

For more details on the principal risks and uncertainties facing the Company, please refer to the relevant section of the Group Report on Operations.

7)
FINANCIAL LIABILITIES BASED ON DUE DATE

The table below analyses the Company's net financial liabilities and traded derivatives, which have been grouped according to the residual maturity and contractual expiry date, compared to the balance sheet date. The amounts shown below, relating to financial payables, represent the discounted contractual cash flows.

At 31 December 2017	From 0 to 1 year	From 1 to 5 years	More than 5 years	Total

Bank financing	80	4,398	-	**4,478**
Trade and other payables	25,529	-	-	**25,529**
Commitments: rents payable	833	3,926	-	**4,759**

At 31 December 2016	From 0 to 1 year	From 1 to 5 years	More than 5 years	Total
Bank financing	83	4,214	-	**4,297**
Trade and other payables	16,119	-	-	**16,119**
Commitments: rents payable	1,094	3,297	381	**4,772**

8)
FINANCIAL INSTRUMENTS BY CATEGORY

The financial instruments referring to the accounting items in the Financial Statements are detailed below:

At 31 December 2017	Loans and receivables	Hedging derivatives	Total
Non-current financial assets	**357**	**-**	**357**
Other receivables	357	-	357
Current financial assets	**38,538**	**-**	**38,538**
Trade receivables and accruals and deferrals receivable	36,270	-	36,270
Other receivables	139	-	139
Cash and other equivalent assets	2,130	-	2,130

At 31 December 2016	Loans and receivables	Hedging derivatives	Total
Non-current financial assets	**557**	**-**	**557**
Other receivables	557	-	557
Current financial assets	**29,201**	**-**	**29,201**
Trade receivables and accruals and deferrals receivable	22,314	-	22,314
Other receivables	302	-	302
Cash and other equivalent assets	6,585	-	6,585

At 31 December 2017	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**4,297**	**-**	**4,297**
Financial payables	4,297	-	4,297
Current financial liabilities	**34,638**	**-**	**34,638**
Trade payables and accruals and deferrals payable	26,781	-	26,781
Other payables	7,853	-	7,853

Financial payables	4	-	4
At 31 December 2016	**Other financial liabilities**	**Hedging derivatives**	**Total**
Non-current financial liabilities	**4,038**	**-**	**4,038**
Financial payables	4,038	-	4,038
Current financial liabilities	**23,045**	**-**	**23,045**
Trade payables and accruals and deferrals payable	16,267	-	16,267
Other payables	6,770	-	6,770
Financial payables	8	-	8

9)
FAIR VALUE HIERARCHY BASED ON IFRS 13

The classification of financial instruments at fair value required by IFRS 13, measured according to the quality of the input sources used, results in the following hierarchy:
Level 1: fair value determined based on the listed prices (unadjusted) in active markets for identical assets or liabilities. At this time, there are no instruments falling into this category;
Level 2: fair value determined based on inputs other than the listed prices included under "Level 1", that are directly or indirectly observable. At this time, there are no instruments falling into this category;
Level 3: fair value determined based on the evaluation models where the inputs are not founded on unobservable market data. At this time, there are no instruments falling into this category.

10)
CAPITAL RISK MANAGEMENT

The Company manages its capital with the aim of protecting its continuity, ensuring shareholders' return and stakeholders' benefits, and maintaining an optimal capital structure while reducing its cost. In line with practices in the sector, the Company monitors capital based on the gearing ratio. This index is calculated as the relationship between net debt and net equity. Net debt is calculated by subtracting cash and cash equivalents calculated for the purposes of the cash flow from the remaining financial assets and liabilities shown in the balance sheet. The total capital corresponds to the "net equity", as shown in the Balance Sheet for the year plus the net debt, as determined above.
As can be seen from the table below, the Group's gearing ratio is 6%, compared to the negative 10% from the previous year.

	2017	2016
Financial assets/liabilities	3,974	3,525
Less: cash and cash equivalents	(2,130)	(6,585)
Net debt (A)	1,844	(3,060)

Net Equity (B)	29,658	32,726
Total Capital [(A) + (B)] = (C)	31,503	29,666
gearing ratio (A)/(C)	**6%**	**-10%**

BALANCE SHEET INFORMATION

ASSETS

Below are the comments on the financial accounting data. These are compared with the relevant figures for the corresponding period in 2016.

NON-CURRENT ASSETS

11)
INTANGIBLE FIXED ASSETS

The balance for the item was made up as follows:

Intangible fixed assets	31/12/2017	31/12/2016	Change
Goodwill	15,393	15,393	-
Other intangible fixed assets	5,008	4,474	534
TOTAL	**20,401**	**19,867**	**534**

In line with the provisions of the international accounting principle IAS 36, an impairment test was carried out on 31 December 2017 to verify whether any losses in value existed for the CGU, by comparing the recoverable value against the related book values of the net invested capital (including the assets with an indefinite useful life).

The Company CGU was tested, to which the entire goodwill value was allocated.
This amounts to Euro 15,393 thousand relating to the TAS Units *goodwill*, of which Euro 12,947 thousand in respect of business units acquired on 1.08.2006 from the former holding company C.I.B. Srl and Euro 2,446 thousand relating to the former company DS Finance Srl, merged in 2007 (Euro 15,393 thousand at 31 December 2015).

Nonetheless, it should be noted that the CGU also includes the cash flows generated by the subsidiary TAS Americas and TAS Helvetia, given that these derive mainly from the resale and support to Parent Company products. Consequently for this CGU, a weighted WACC was used, based on typical 2017 revenue.

These CGUs respond to the requirements of IAS 36 para. 6, i.e. they represent "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets" and see also IAS 36 para. 80 paragraphs a) and b).

For the purposes of estimating the recoverable value, the value in use of the net invested capital of the CGU was calculated by using the "Discounted Cash Flow – asset side" principle, which considers the company's expected cash flows based on plans approved by management.

The calculation formula for the above methodology is given below:

$$V = \sum_{i=1}^{n} FCF_i \Big/ (1+WACC)_i + TV$$

FCF = free cash flow, or cash flow generated by operations;
WACC = weighted average cost of capital;
n = specific forecast period;
TV = current terminal value, i.e. the value deriving from the cash flows generated beyond the forecast period.

In determining the value in use of the net invested capital, the cash flow projections were based on a 3-year time frame, as reported by the 2016-2020 business plan approved by the Board of Directors on 29 April 2016 and still considered current in the light of the 2017 financial year final data, which has improved in respect of the Plan data. It is noted that this plan is nominally in line with the WACC used.
The cash flows for the period after the fifth year were calculated with the following formula (Gordon formula):

$$TV = FCF_n * (1+g) \Big/ WACC - g$$

where:

FCFn = cash flow sustainable beyond the forecast period;
g = business growth rate beyond the period of the plan in question
WACC = weighted average cost of capital.

The main assumptions used in calculating the value in use are given below:

- Discount rate (Weighted Average Cost of Capital – WACC) post tax: 6.9%, an increase compared to the previous year (5.9%) mainly because of the increase in the risk-free rate. The WACC, as mentioned above, was determined on the basis of the following values:
    a. Sector financial structure (debt/equity ratio = 3.05%)
    b. Risk free rate: 3.1%
    c. Sector unlevered beta: 0.76
    d. Risk premium: 5.1%
- The criteria for estimating future financial flows: the cash flows – net of taxes – reported in the business plan up to 2020 were taken as references.
- A total was then calculated for the discounted values (using the WACC mentioned above) of the expected cash flows after the last year of the plan extrapolated on the basis of a constant growth rate of 2%.
- The principal values used to determine the value in use are given in the table below:

	TAS Units CGU
Average weighted rate of growth of income	5.9%
Average gross operating margin (EBITDA)	10.1%
Rate of growth in cash flow after plan period	2.0%
Post-tax discounting rate (WACC - post tax)	6.9%

The discounting rate used reflected the specific risk of the sector in which the TAS Company operates.
As permitted by paragraph 55 of IAS 36, the discounting rate was estimated post-tax, as the unlevered cash flows of each Cash Generating Unit (CGU) were also estimated post-tax, calculated on the basis of the specific tax rate of each CGU.

TAS UNITS CGU RESULTS

The criteria used for estimating the value in use led to the recording of recoverable values that were higher than the book value of the net invested capital (CIN) of the TAS Units CGU on 31 December 2017, inclusive of goodwill. In the light of the results of the impairment test, no significant value impairments were recorded.

A sensitivity analysis appears below, where the book value of the invested capital of the TAS Units CGU on 31 December 2017 was compared against the related value in use calculated on the basis of a 6.9% discount rate and a long-term growth rate "g" of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a "g" rate that were respectively half a percentage point lower (6.4%, 1.5%) or higher (7.4%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	78,880	70,606	63,857
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	55,900	47,626	40,877

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	66,676	59,774	54,138
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	43,696	36,794	31,158

"g"=1.5%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	71,390	64,569	58,894
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	48,410	41,589	35,914

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	60,467	54,768	50,023
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	37,487	31,788	27,043

“g”=2.5%

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	88,306	78,026	69,839
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	65,326	55,046	46,859

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**6.4% rate**	**6.9% rate**	**7.4% rate**
Value in use - TAS Units CGU	74,491	65,926	59,097
CIN carrying amount at 31 December 2017	22,980	22,980	22,980
Surplus value in use on book value	51,511	42,946	36,117

The item *Other intangible fixed assets* is broken down as follows:

Other intangible fixed assets	**31/12/2017**	**31/12/2016**	**Change**
Software developed internally	4,540	4,134	406
Industrial patents and intellectual property rights	96	128	(32)
Other intangible fixed assets	372	212	160
TOTAL	**5,008**	**4,474**	**534**

Detailed movements for the last two years are reported below:

Description	**Value on 31/12/2015**	**Increases for the year**	**Amortisation for the year**	**Value on 31/12/2016**
- Software developed internally	3,921	4,212	(3,999)	4,134
- Industrial patents and intellectual property rights	-	160	(32)	128
- Customer list	1,032		(1,032)	-
- Others	124	216	(128)	212
TOTAL	**5,076**	**4,588**	**(5,191)**	**4,474**

Description	Value on 31/12/2016	Increases for the year	Amortisation for the year	Value on 31/12/2017
- Software developed internally	4,134	4,707	(4,301)	4,540
- Industrial patents and intellectual property rights	128	-	(32)	96
- Customer list	-		-	-
- Others	212	393	(233)	372
TOTAL	**4,474**	**5,101**	**(4,566)**	**5,008**

The balance of the item *Software developed internally*, which amounted to Euro 4,540 thousand, was made up of development costs which were capitalised as they meet the requirements of IAS 38.

Group investments continued during the period in different areas, with market action consolidated in European countries, and strategic partnerships established to develop the Group's business.

Specifically:

- in the **Financial Markets and Treasury area:** the continued development of the Aquarius platform to manage liquidity, under Basel 3 principles, in an integrated manner for bonds, cash and collateral. Aquarius was designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of tri-party collateral management; modules were introduced for Stress Tests and liquidity management on accounts corresponding to MIFIDII compliant solutions and the new Record Keeping that adopts innovative Business Intelligence approaches;

- in the **Electronic money and Payment Systems area:** the continued forward development of the CashLess 3.0 platform, including the activation of specialised API, card issue and management solutions on Open technology; on the Card Issue side implementation for the interview specifications of the Chinese network UnionPay International (UPI) is currently undergoing certification, and in the field of Transactions Acceptance the implementation of various protocols for interconnection with major foreign Acquirers active in the TAS Group target commercial regions, and the realisation of a new Fraud Management module for transactions originating from POS and/or ATM channels. The suite of modules for Branch Transformation called EasyBranch is also continuing in the ATM channel. We note further:

    - **Oracle and the TAS Group** together offer state-of-the-art solutions through the Digital Innovation Platform. **Oracle** chooses **TAS Group** solutions relating to the **Card 3.0** platform to use and manage cards and the **Network Gateway** solution for connectivity to the financial networks for its own **Digital Innovation Platform,** with the aim of providing financial operators with a competitive advantage, when confronting the most important evolutionary process in the payments segment. The TAS Group is already partnered with Oracle in the financial sector, and has now become one of the first global partners for the Digital Innovation Platform.

    - **The TAS Group awarded the Infocamere tender.** TAS software will enable Infocamere (Payment Institute authorised by the Bank of Italy, and a national and European excellence in the world of public digital services) to become operational on the SPC Payments Node – pagoPA and in the role of technological intermediary in respect of the Chamber of Commerce network, by facilitating and accelerating the management processes for payments by the public, professionals and companies to the Public Administration.

The development and extension of the TAS Network Gateway solutions continued, both in respect of the launch of the CIT- Check Image Truncation and the functioning of the Instant Payments initiative, which is expected to start-up by the end of the year at national and European level; analyses are also underway to realise the Open API to offer to Banks in response to the reminders and opportunities introduced by PSD2.

- in the **ERP** area: the continuation of the project to reposition TAS' ERP offering, changing it from a proprietary solution to a market-orientated solution of international reach, focusing on the Cloud, Customer eXperience and Social business collaboration, built on Oracle (Fusion) Cloud Applications;

- in the **Financial Value Chain** area: the strengthening of the PayTAS suite offering for eGovernment in line with the specifications gradually issued by AgID on PagoPA for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. Furthermore, an operational and technological overview is underway regarding the e-Banking and Corporate Banking solutions for business clientèle, also from the perspective of PSD2 and consumers.

12) TANGIBLE FIXED ASSETS

The balance for the item was made up as follows:

Tangible fixed assets	31/12/2017	31/12/2016	Change
Plants and machinery	176	23	153
Industrial and commercial equipment	2	3	(1)
Other assets	692	728	(36)
TOTAL	**870**	**754**	**116**

Detailed movements for the last two years are reported below:

Description	Value on 31/12/2015	Increases for the year	Reductions for the year	Amortisation for the year	Value on 31/12/2016
- Plants and machinery	24	8	-	(9)	23
- Industrial and commercial equipment	4	-		(1)	3
- Other assets	520	581	(2)	(371)	728
TOTAL	**548**	**589**	**(2)**	**(382)**	**754**

Description	Value on 31/12/2016	Increases for the year	Reductions for the year	Amortisation for the year	Value on 31/12/2017
- Plants and machinery	23	196	(7)	(35)	176
- Industrial and commercial equipment	3	-	-	(1)	2
- Other assets	728	476	(8)	(504)	692
TOTAL	**754**	**672**	**(15)**	**(540)**	**870**

The item Other assets relates mainly to electronic office equipment and furniture of the Company.

13)

EQUITY INVESTMENTS AND OTHER INVESTMENT SECURITIES

The balance for the item was made up as follows:

Investments and other securities	31/12/2017	31/12/2016	Change
Equity investments in subsidiaries	8,643	10,480	(1,837)
Equity investments in other companies	67	67	-
TOTAL	**8,710**	**10,547**	**(1,837)**

The shareholdings entered under assets referred to a long-term strategic investment by the Company.
No availability restrictions on the part of the investing company existed on any term equity holdings, nor were there any option rights or other privileges.

Information relating to subsidiaries is provided below.

Subsidiaries

Company Name	Registered office	Share Capital	Net Equity	Profit/(loss)	% Share	Carrying Value
TAS France Eurl	Route des Gretes, Sophia Antipolis -France	500	1,427	502	100.00	2,769
TAS Helvetia Sa	Prati Botta 22, Barbengo, Lugano -Switzerland	65	(448)	(96)	100.00	1,269
TAS Iberia SLU	Calle Santa Leonor, 61 Madrid Spain	20	118	67	100.00	2,579
TAS Americas Ltd	Rua Haddock Lobo nº 585, 6º go conjunto 06, Cerqueria César 01414-001 - São Paulo - SP - Brazil	365	173	(419)	99.00	1,457
TAS Usa Inc	One Liberty Plaza, 165 Broadway, 23rd floor New York, NY 10006 - USA	16	1	(99)	100.00	174
TAS Germany Gmbh	Humboldtstraße 3, 60318 Frankfurt	25	32	(246)	100.00	395

Other companies

Company Name	Registered office	Share Capital	Net Equity	Profit/(loss)	% Share	Carrying Value
SIA S.p.A.	Via Francesco Gonin, 36, Milan, Italy	22,275	233,783	69,814	0.02	67
					Total	**67**

The value of the SIA S.p.A. shareholding referred to the purchase as it is believed it approximates the fair value.

A detailed breakdown of the changes of shareholdings in subsidiaries in the last two years is given below:

Shareholdings in subsidiaries changes	31.12.2015	Increases	Decreases	31.12.2016
Shareholdings in Tas Helvetia	3,449	-	-	3,449
Shareholdings in Tas Americas	1,459	-	(2)	1,457
Shareholdings in Tas Iberia	2,579	-	-	2,579
Shareholdings in Tas France	2,769	-	-	2,769

Shareholdings in Tas Germany	25	130	-	155
Shareholdings in Tas USA	43	28	-	71
TOTAL	**10,324**	**158**	**(2)**	**10,480**

Shareholdings in subsidiaries changes	31.12.2016	Increases	Decreases	31.12.2017
Shareholdings in Tas Helvetia	3,449	-	(2,180)	1,269
Shareholdings in Tas Americas	1,457	-	-	1,457
Shareholdings in Tas Iberia	2,579	-	-	2,579
Shareholdings in Tas France	2,769	-	-	2,769
Shareholdings in Tas Germany	155	240	-	395
Shareholdings in Tas USA	71	103	-	174
TOTAL	**10,480**	**343**	**(2,180)**	**8,643**

The increases in the item *Shareholdings in subsidiaries* refer to the contributions to share capital made to the subsidiaries TAS USA and TAS Germany.

The depreciation of investments carried out in previous financial years is as follows:

Summary of depreciation of shareholdings	Financial Year	Amount
TAS France	2001	475
TAS France	2002	1,110
TAS France	2003	573
TAS France	2005	327
TAS Iberia	2009	860
TAS Iberia	2010	669
TAS Iberia	2011	1,169
TAS Helvetia formerly Apia	2011	9,992
TAS Helvetia formerly Apia	2015	1,604
TOTAL		**16,779**

The recovery in investments carried out in previous financial years is as follows:

Summary of recoveries in the value of shareholdings	Financial Year	Amount
TAS France E.u.r.l.	2013	2,485
TAS Iberia Slu	2014	1,500
TOTAL		**3,985**

With reference to the impairment test of the above-mentioned shareholdings, the following load values were noted at 31 December 2017, with an indication of net equity and the financial result for the year:

Company Name	Net Equity	Profit/(loss)	% Share	Carrying Value	Delta
TAS France Eurl	1,427	502	100.00	2,769	(1,342)
TAS Helvetia SA*	(448)	(96)	100.00	3,449	(3,897)
TAS Iberia SLU	118	67	100.00	2,579	(2,461)
TAS Americas Ltd	173	(419)	99.00	1,457	(1,284)
TAS Usa Inc	1	(99)	100.00	174	(172)
TAS Germany Gmbh	32	(246)	100.00	395	(363)

* It should be noted that the value of shareholders' equity includes Euro 813 thousand of negative reserve concerning the actuarial valuation of the pension plan.

As stipulated by the international accounting principle IAS 36, an impairment test was carried out to check for the possible existence of losses in value for all the shareholdings in subsidiaries in which the value of the net equity is lower than the load value of the shareholding.

Based on the results shown in the table, all CGUs were tested with the exception of TAS USA Inc and TAS Germany Gmbh, start-up companies that did not show any significant differences.
The test was carried out by comparing the recoverable value of the shareholdings net of the net financial position ("PFN") on 31 December 2017 ("Economic Value") with the relative accounting load values of the shareholdings on 31 December 2017.
In order to estimate the recoverable value, the economic value of the shareholdings was determined, using the "Discounted Cash Flow – asset side" criterion, which considers the operating cash flows expected by the company based on plans approved by the management, subtracting the net financial position on the date of the Financial Statements.

The calculation formula for the above methodology is given below:

Valore Economico = V – PFN

dove:

$$V = \sum_{i=1}^{n} FCF_i \Big/ (1+WACC)_i + TV$$

PFN = net financial position;
FCF = free cash flow, or cash flow generated by operations;
WACC = weighted average cost of capital;
n = specific forecast period;
TV = current terminal value, i.e. the value deriving from the cash flows generated beyond the forecast period.

In determining the value in use of the net invested capital, the cash flow projections were based on a 3-year time frame, as reported by the 2016-2020 business plan approved on 29 April 2016 and still considered current in the light of the 2017 financial year final data, which has improved in respect of the Plan data. With regard to flows relating to the TAS Units CGU, following the improved definition of the competencies of each legal entity, it was decided to reassign maintenance activities to the TAS Parent Company that had initially been allocated to TAS Helvetia, with a consequent decrease in expected flows from the Swiss subsidiary and an increase for an equal amount relating to TAS.
It is noted that this plan is nominally in line with the WACC used.
The cash flows for the period after the third year were calculated with the following formula (Gordon formula):

$$TV = FCF_n * (1+g) \Big/ WACC - g$$

where:

FCFn = cash flow sustainable beyond the forecast period;
g = business growth rate beyond the period of the plan in question
WACC = weighted average cost of capital.
The main assumptions used in calculating the value of the shareholdings are given below:
The main assumptions used in calculating the value in use are given below:

- Discount rate (Weighted Average Cost of Capital – WACC) post tax:
    - 6.4% for the TAS Iberia CGU (5.7% last year);
    - 5.8% for the TAS France CGU (4.8% last year);
    - 3.8% for the TAS Helvetia CGU (4.3% last year);
    - 11.4% for the TAS Americas CGU (12.7% last year);

  The WACC, down from last year mainly due to the drop in interest rates, was in turn determined by using the following values:
    a. Sector financial structure (debt/equity ratio = 3.05%)
    b. Risk free rate:
        i. 2.7% for the TAS Iberia CGU,
        ii. 0% for the TAS Helvetia CGU,
        iii. 2.3% for TAS Americas CGU
        iv. 2.1% for the TAS France CGU
    c. Sector unlevered beta: 0.76
    d. Risk premium: 5.1% for all the CGUs
- The criteria for estimating future financial flows: the cash flows – net of taxes – reported in the business plan up to 2020 were taken as references.
- A total was then calculated for the discounted values (using the WACC mentioned above) of the expected cash flows after the last year of the plan extrapolated on the basis of a constant growth rate of 2%.
- The principal values used to determine the value in use are given in the table below:

	TAS Iberia	TAS Americas	TAS Helvetia	TAS France
Average weighted rate of growth of income	1.3%	3.0%	1.3%	1.3%
Average gross operating margin (EBITDA)	9.6%	18.0%	-0.1%	19.6%
Rate of growth in cash flow after plan period	2.0%	2.0%	2.0%	2.0%
Post-tax discounting rate (WACC - post tax)	6.4%	11.4%	3.8%	5.8%

The discounting rate used reflects the specific risk of the sector in which the TAS Company operates.
As permitted by paragraph 55 of IAS 36, the discounting rate was estimated post-tax, as the unlevered cash flows of each Cash Generating Unit (CGU) were also estimated post-tax, calculated on the basis of the specific tax rate of each CGU.

RESULTS OF SHAREHOLDINGS IN TAS IBERIA

The criterion to estimate the economic value of the shareholdings led to the collection of recoverable values higher than the accounting carrying value in TAS' separate Balance Sheet at 31 December 2017. In the light of the results of the impairment test, no significant value impairments were recorded.

A sensitivity analysis appears below, in which the book value of the net invested capital of the Tas Iberia CGU on 31 December 2017 was compared against the related value in use calculated on the basis of an 6.4% discount rate and a long-term growth rate "g" of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a "g" rate that were respectively half a percentage point lower (5.9%, 1.5%) or higher (6.9%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	3,854	3,441	3,109
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	3,832	3,419	3,087
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,253	840	508

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	3,506	3,134	2,834
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	3,484	3,112	2,812
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	905	533	233

"g"=1.5%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	3,496	3,159	2,881
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	3,474	3,137	2,859
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	895	558	280

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	3,185	2,880	2,629
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	3,163	2,860	2,607

Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	584	281	28

“g”=2.5%

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	4,317	3,796	3,389
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	4,295	3,774	3,367
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,716	1,195	788

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.9% rate**	**6.4% rate**	**6.9% rate**
Value in use - TAS Iberia	3,920	3,451	3,084
PFN at 31 December 2017	-22	-22	-22
Economic value of shareholding in Tas Iberia	3,898	3,429	3,062
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,319	850	483

RESULTS OF SHAREHOLDINGS IN TAS HELVETIA

The criterion to estimate the economic value of the shareholdings, following the reallocation of the activity referred to above, led to the collection of recoverable values lower than the accounting carrying value in TAS’ separate Balance Sheet at 31 December 2017. In the light of the results of the impairment test, losses were recorded for Euro 2,180 thousand.

A sensitivity analysis appears below, in which the book value of the invested capital of TAS Helvetia on 31 December 2017 was compared against the related value in use calculated on the basis of an 3.8% discount rate and a long-term growth rate “g” of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a “g” rate that were respectively half a percentage point lower (3.3%, 1.5%) or higher (4.3%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	1,531	1,100	855
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	1,700	1,269	1,024
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-1,749	-2,180	-2,425

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	1,359	977	760
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	1,528	1,146	929

Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-1,921	-2,303	-2,520

"g"=1.5%

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	1,111	863	703
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	1,280	1,032	872
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-2,169	-2,417	-2,577

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	987	767	626
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	1,156	936	795
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-2,293	-2,513	-2,654

"g"=2.5%

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	2,464	1,516	1,089
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	2,633	1,685	1,258
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-816	-1,764	-2,191

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**3.3% rate**	**3.8% rate**	**4.3% rate**
Value in use - TAS Helvetia	2,185	1,345	967
PFN at 31 December 2017	169	169	169
Economic value of shareholding in Tas Helvetia	2,354	1,514	1,136
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	-1,095	-1,935	-2,313

RESULTS OF SHAREHOLDINGS IN TAS AMERICAS

The criterion to estimate the economic value of the shareholdings led to the collection of recoverable values higher than the accounting carrying value in TAS' separate Balance Sheet at 31 December 2017. In the light of the results of the impairment test, no significant value impairments were recorded.

A sensitivity analysis appears below, in which the book value of the shareholdings in Tas Americas on 31 December 2017 was compared against the related economic value calculated on the basis of an 11.4% discount rate and a long-term growth rate "g" of 2%, selected by the company and with the shareholding's economic value calculated on the basis of a discounting rate and a "g" rate that were respectively half a percentage point lower (13.2%, 1.5%) or higher (12.2%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,670	2,525	2,394
PFN at 31 December 2017	24	24	24
Economic value of shareholding in Tas Americas	2,694	2,549	2,418
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	1,237	1,092	961

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,432	2,303	2,187
PFN at 31 December 2017	24	24	24
Economic value of shareholding in Tas Americas	2,456	2,327	2,211
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	999	870	754

"g"=1.5%

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,546	2,415	2,296
PFN at 31 December 2017	24	24	24
Economic value of shareholding in TAS Americas	2,570	2,439	2,320
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	1,113	982	863

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,323	2,205	2,099
PFN at 31 December 2017	24	24	24
Economic value of shareholding in Tas Americas	2,347	2,229	2,123
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	890	772	666

"g"=2.5%

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,807	2,647	2,503
PFN at 31 December 2017	24	24	24
Economic value of shareholding in TAS Americas	2,831	2,671	2,527

Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	1,374	1,214	1,070

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**10.9% rate**	**11.4% rate**	**11.9% rate**
Value in use - TAS Americas	2,554	2,411	2,283
PFN at 31 December 2017	24	24	24
Economic value of shareholding in Tas Americas	2,578	2,435	2,307
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	1,121	978	850

RESULTS OF SHAREHOLDINGS IN TAS FRANCE

The criterion to estimate the economic value of the shareholdings led to the collection of recoverable values higher than the accounting carrying value in TAS' separate Balance Sheet at 31 December 2017. In the light of the results of the impairment test, no significant value impairments were recorded.

Below is a sensitivity analysis, in which the book value of the invested capital of the TAS France CGU on 31 December 2017 was compared with the related value in use calculated on the basis of a 5.8% discount rate and a long-term growth rate "g" of 2%, selected by the company and with the value in use calculated on the basis of a discounting rate and a "g" rate that were respectively half a percentage point lower (5.3%, 1.5%) or higher (6.3%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	6,686	5,805	5,129
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	5,812	4,931	4,255
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	3,043	2,162	1,486

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,696	4,957	4,389
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	4,822	4,083	3,515
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	2,053	1,314	746

"g"=1.5%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,860	5,176	4,635
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	4,986	4,302	3,761
Load value of shareholding	2,769	2,769	2,769

Surplus value in use on book value	2,217	1,533	992

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	5,004	4,430	3,976
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	4,130	3,556	3,102
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	1,361	787	333

“g”=2.5%

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	7,808	6,624	5,752
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	6,934	5,750	4,878
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	4,165	2,981	2,109

with an EBITDA figure 10% lower after the last year of the Plan, the results were as follows:

Amounts in €/000	**5.3% rate**	**5.8% rate**	**6.3% rate**
Value in use - TAS France CGU	6,635	5,643	4,911
PFN at 31 December 2017	-874	-874	-874
Economic value of shareholding in TAS France	5,761	4,769	4,037
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	2,992	2,000	1,268

14)
FINANCIAL FIXED ASSET RECEIVABLES

Financial fixed asset receivables amounted to Euro 306 thousand and related exclusively to security deposits:

Financial receivables	31/12/2017	31/12/2016	Change
Guarantee deposits for rentals	306	500	(194)
Receivables from related parties	-	-	-
TOTAL	**306**	**500**	**(194)**
Within the following year	-	-	-
From 1 to 5 years	306	500	(194)
More than 5 years	-	-	-
TOTAL	**306**	**500**	**(194)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the financial receivables is considered to reflect their fair value.

15)
OTHER NON-CURRENT RECEIVABLES

Other non-current receivables totalling Euro 51 thousand referred exclusively to advances paid to employees of the Company in accordance with the harmonisation agreement signed with the workers' representatives.

Other fixed-asset receivables	31/12/2017	31/12/2016	Change
Receivables from personnel	51	57	(6)
Other	-	-	-
TOTAL	**51**	**57**	**(6)**
Within the following year	-	-	-
From 1 to 5 years	51	57	(6)
More than 5 years	-	-	-
TOTAL	**51**	**57**	**(6)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the other receivables is considered to reflect their fair value.

CURRENT ASSETS

16)
NET INVENTORIES

The net inventories referred to WIP on order related to the installation work and performance of services that are being finalised:

Inventories	Gross value at 31/12/2017	Write-down provision	Net value at 31/12/2017	Gross value at 31/12/2016
Work in progress on order	4,008	-	4,008	3,095
Finished products and goods	-	-	-	-
TOTAL	**4,008**	**-**	**4,008**	**3,095**

17)
TRADE RECEIVABLES

The value of trade receivables, totalling Euro 36,270 thousand also included trade-related accruals and deferrals receivable, and was made up as follows:

Trade receivables	31/12/2017	31/12/2016	Change
Trade receivables	30,698	18,153	12,545
Receivables from related parties	1,279	558	721
Trade accruals and deferrals receivable	4,292	3,604	689
TOTAL	**36,270**	**22,314**	**13,955**
Within the following year	36,270	22,314	13,955
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**36,270**	**22,314**	**13,955**
Overdue – less than 1 month	1,033	374	660
Overdue – more than 1 month	986	1,003	(17)
TOTAL	**2,020**	**1,377**	**643**

Trade receivables amounted to Euro 30,698 thousand (net of the write-down provision of Euro 3,505 thousand), with a 69% decrease compared to the figure at 31 December 2016. It is noted that the *Trade receivables* figure at 31 December 2017 includes the resale to one of the Group's principal customers for Euro 13,149 thousand (Euro 4,914 thousand in 2016).
Reference is made to point 37 in this section regarding *Receivables from related parties*.

The book value of the trade receivables is considered to reflect their fair value.

The receivables write-down provision underwent the following changes during 2017:

Write-down provision	31/12/2016	Provisions	Utilisation	31/12/2017
Write-down provision (trade receivables)	3,432	73	-	3,505
TOTAL	**3,432**	**73**	**-**	**3,505**

On the balance sheet date the maximum credit risk exposure was equal to the fair value of each of the categories indicated above.

The accruals and deferrals receivable are made up of:

Trade accrued income and prepaid expenses	31/12/2017	31/12/2016	Change
Insurance	120	170	(50)
Rentals payable	30	2	28
Leases and maintenance and other services	208	155	53
Purchase of hardware/software for resale	3,742	3,080	662
Others	192	197	(5)
TOTAL	**4,292**	**3,604**	**689**

18)
OTHER RECEIVABLES

This item amounted to Euro 117 thousand and was made up as follows:

Other receivables	31/12/2017	31/12/2016	Change
Receivables from personnel	55	64	(9)
Advances to suppliers	44	12	32
Various receivables	16	18	(2)
Receivables from related parties	2	18	(16)
TOTAL	**117**	**112**	**6**
Within the following year	117	112	6
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**117**	**112**	**6**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the other receivables is considered to reflect their fair value.

19)
CURRENT TAX RECEIVABLES

There were no current tax receivables on income at 31 December 2017.

20)
CURRENT FINANCIAL RECEIVABLES

The value of financial receivables due within 12 months totals Euro 21 thousand.

Current financial receivables	31/12/2017	31/12/2016	Change
Receivables from others	21	21	-
Receivables from related parties	-	-	-
Financial accruals and deferrals receivable	-	-	-
TOTAL	**21**	**21**	**-**
Within the following year	21	21	-
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**21**	**21**	**-**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The book value of the financial receivables is considered to reflect their fair value.

21) CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 2,130 thousand and were made up as follows:

Cash and cash equivalents	31/12/2017	31/12/2016	Change
Cash and cash equivalents	2	2	0
Bank and postal deposits	2,128	6,583	(4,455)
TOTAL	**2,130**	**6,585**	**(4,455)**

The balance represented the cash and valuables available at the year-end date. The values stated may be converted readily into cash and are subject to an insignificant risk of a change in value.

It is considered that the book value of the cash assets is aligned with their fair value on the balance sheet date.

The credit risk related to the cash and cash equivalents is limited, as the counterparties are leading national banks.

Pursuant to the requirements set out in Consob Communication no. 15519 of 28 July 2006, we note that the Company's Net Financial Position was as follows:

Statutory Net Financial Position	***NOTES***	***31.12.2017***	***31.12.2016***
A. Cash and cash equivalents	**21**	(2)	(2)
B. Bank and postal deposits	**21**	(2,128)	(6,583)
C. Securities held for trading		-	-
D. Cash and cash equivalents (A) + (B) + (C)		**(2,130)**	**(6,585)**
E. Current financial receivables	**20**	**(21)**	**(21)**
of which in respect of related parties		-	-
F. Current bank payables		4	7
G. Current portion of medium to long-term bank borrowings		-	-
H. Current financing from Shareholders		-	-
I. Other current financial payables		-	-
of which in respect of related parties		-	-
J. Payables and other current financial liabilities (F) + (G) + (H) + (I)	**28**	**4**	**8**
K. Current net financial debt (D) + (E) + (J)		**(2,147)**	**(6,598)**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		4,297	4,038
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		-	-
P. Payables and other non-current financial payables (L) + (M) + (N) + (O)	**25**	**4,297**	**4,038**
Q. Net financial debt CESR (K) + (P) (*)		**2,151**	**(2,560)**
R. Non-current financial receivables	**14**	**(306)**	**(500)**

S. Net financial debt(Q) + (R)	**1,844**	**(3,060)**
of which excludes Shareholder financing	*1,844*	*(3,060)*

(*) The criterion for calculating CESR Net Financial Debt corresponds to the provisions under Paragraph 127 of the CESR Recommendation 05/054b implemented by Regulation CE 809/2004

The *Net financial position* was negative for Euro 1.8 million, compared to the positive Euro 4.1 million at 31 December 2016.

BALANCE SHEET INFORMATION

LIABILITIES AND NET EQUITY

22)
NET EQUITY

A breakdown of the net equity items is given below, while the related changes are shown in the relevant schedule.

Net Equity	31/12/2017	31/12/2016	Change
Capital	24,331	14,331	10,000
Fair value reserve	(1,515)	(1,515)	-
Payments for future share capital increases	-	10,000	(10,000)
Reserves in capital account	20,000	20,000	-
IAS 19 actuarial valuation reserve	(398)	(412)	15
Profit/(loss) carried forward	(9,677)	(6,489)	(3,188)
Profit (loss) for the period	(3,083)	(3,188)	106
TOTAL	**29,658**	**32,726**	**(3,068)**

The Share capital was made up as follows:

Shares	Number	Nominal value
Ordinary shares	83,536,898	No value
Total	**83,536,898**	

As previously noted, on 1 March 2017, the extraordinary shareholders' meeting approved the share capital increase from Euro 14,330,645.50 to Euro 24,330,645.50 by the issue of 41,768,449 ordinary shares of no nominal value, with the same characteristics as outstanding ordinary shares. The transaction, which was set for 6 March 2017, took place by allocation to the share capital of an equal amount taken from the "Free future share capital increase reserve" and with free allocation to shareholders, in the ratio of 1 (one) newly issued ordinary share to 1 (one) ordinary share owned.

Therefore on the closing date the following shares were in circulation:
83,536,898 ordinary shares with no nominal value and the company's share capital was Euro 24,330,645.50.

The *Actuarial valuation reserve* was generated by the recognition of actuarial gains and losses in the Comprehensive Income Statement. The changes were as follows:

Movements in the actuarial valuation reserve	2016
Actuarial valuation reserve 1.1.2016	**(257)**
Effect of actuarial valuation	(156)
Tax effect on actuarial valuation	-
Actuarial valuation reserve 31.12.2016	**(412)**

Movements in the actuarial valuation reserve	2017
Actuarial valuation reserve 1.1.2017	**(412)**
Effect of actuarial valuation	15
Tax effect on actuarial valuation	-
Actuarial valuation reserve 31.12.2017	**(398)**

The table below shows the origin, possibility of use and availability for each item in the net equity, as well as actual uses in the previous financial years:

				Summary of uses over the three previous years	
Nature/description	Amount	Possibility for use	Unrestricted portion	to replenish losses	for other reasons
Capital	24,331	B	-	7,589	-
Capital reserve					
Share premium reserve	-	-	-	13,666	-
Payments for future share capital increases	-	-	-	-	-
Reserves in capital account	20,000	A,B,C	20,000	50,688	-
Other Reserves					
Reserve to cover conversion losses Shareholders Loan - TasNch	-	-	-	17,071	-
Waiver of Vendor Loan	-	-	-	728	-
Fair value reserve	(1,515)	-	(1,515)	-	-
IAS 19 actuarial valuation reserve	(398)	-	(398)	-	-
Profit reserve					
Legal Reserve	-	-	-	228	-
Extraordinary reserve	-	-	-	25	-
Profit/(loss) carried forward	(9,677)	-	(9,677)	-	-
Profit/(loss) for the period	(3,083)	-	(3,083)	-	-
Total	**29,658**		**5,328**	**89,995**	**-**
Non-distributable portion			**5,328**		
Remaining distributable portion			**-**		

Key:
A: for capital increase
B: to cover losses
C: for distribution to shareholders

The non-distributable portion of net equity amounted to Euro 5,328 thousand., of which Euro. 4,866 to cover the legal reserve equalling one fifth of the share capital, and Euro 462 to partially cover the multi-year costs not yet amortised (Art. 2426, no. 5 of the Italian Civil Code).

With regard to the comments on the Comprehensive Income Statement reference is made to Note 35 in this section.

NON-CURRENT LIABILITIES

23) EMPLOYEE SEVERANCE INDEMNITY PROVISION

The provision represents the severance pay liability to be paid to employees in the case of contract termination, and is represented net of the advances paid. Its value has been updated.
The changes compared to the previous year are as follows:

Employee severance indemnity provision (TFR)	31/12/2017	31/12/2016	Change
Employee severance indemnity provision	3,838	4,070	(233)
TOTAL	**3,838**	**4,070**	**(233)**

The movement was as follows:

employee severance indemnity provision changes	Year 16
Employee Severance indemnity provision 1.1.2016	**4,025**
Provision for the period	1,202
Interest costs	55
Amount paid to the INPS Treasury fund and other funds	(1,178)
Indemnities and advances paid during the year	(190)
Actuarial profit/(loss)	156
Employee Severance indemnity provision 31.12.2016	**4,070**

employee severance indemnity provision changes	Year 17
Employee Severance indemnity provision 1.1.2017	**4,070**
Provision for the period	1,245
Acquisition Content Interface Unit	38
Interest costs	57
Amount paid to the INPS Treasury fund and other funds	(1,296)
Indemnities and advances paid during the year	(262)
Actuarial profit/(loss)	(15)
Employee Severance indemnity provision 31.12.2017	**3,838**

In addition to the effects from the acquisition of the Content Interface Unit, the liabilities during the period include Euro 1,245 thousand for provisions, payments to the INPS treasury fund, utilisations from indemnities paid during the year for a total of Euro 1,557 thousand, a positive effect from the actuarial valuation for Euro 15 thousand and interest costs for Euro 57 thousand.

The actuarial model used for the valuation of severance pay is based on various demographic, economic and financial assumptions.
Where possible, for some of the assumptions express reference was made to the direct experience of the Company while for others, industry best practices were applied.

The main assumptions of the model are given below.

Financial assumptions	
Annual discounting rate	1.30%
Annual inflation rate:	1.50%
Annual rate of increase in employee severance indemnity	2.625%
Demographic assumptions	
Mortality	RG48 mortality table
Disability	INPS tables divided by age and gender
Pension age	100% upon reaching the Mandatory General Insurance requirements

From the historical experience of the parent company and based on the available data, an annual turnover rate of 5% and an anticipation rate of 2% were deduced.

In particular, we note that:

- the **Annual discounting rate** in Italy used to calculate the current figure for the obligation was determined according to par. 78 of IAS 19, with reference to the IBoxx Eurozone Corporate AA 10+ index;
- the **Annual rate of increase in employee severance indemnity** in Italy pursuant to Art. 2120 of the Italian Civil Code is 75% of inflation plus 1.5 percentage points.

The sensitivity analysis for the TFR appears below:

Sensitivity analysis of main evaluation parameters on data at 31.12.2017	**TFR [Employee Severance Pay]**	**Delta**	**%**
+ 1% on turnover rate	3,816	- 21.09	-0.6%
- 1% on turnover rate	3,861	23.54	0.6%
+ 1/4% on annual inflation rate	3,894	56.11	1.4%
- 1/4% on annual inflation rate	3,783	- 55.02	-1.5%
+ 1/4% on annual discounting rate	3,749	- 88.07	-2.3%
- 1/4% on annual discounting rate	3,929	91.37	2.3%

24)
PROVISIONS FOR RISKS AND CHARGES

The details of the provisions for risks and charges in the Balance Sheet are as follows:

Risk provisions	**31/12/2017**	**31/12/2016**	**Change**
Provision for risks	312	-	312
Other provisions	140	140	-
TOTAL	**453**	**140**	**312**

The movement was as follows:

Risk provision changes	Year 16
Opening balance at 1.1.2016	**426**
Increases	-
Utilisation	(286)
Risk provision at 31.12.2016	**140**

Risk provision changes	Year 17
Opening balance at 1.1.2017	**140**
Increases	312
Utilisation	-
Risk provision at 31.12.2017	**453**

The item *Provisions for risks* refers mainly to disputes with customers and former employees. The item *Other provisions* relates to orders where it is likely that the total cost will exceed the corresponding revenue.

25)
NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities for Euro 4,297 thousand referred only to the renegotiated pool loan:

Non-current financial liabilities	31/12/2017	31/12/2016	Change
Payables to other lenders	-	-	-
Loan in Intesa San Paolo pool (nominal value)	5,000	5,000	-
Effect of recognition at the amortised cost of pool finance	(703)	(962)	259
TOTAL	**4,297**	**4,038**	**259**
Within the following year	-	-	-
From 1 to 5 years	4,297	4,038	259
More than 5 years	-	-	-
TOTAL	**4,297**	**4,038**	**259**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The following table contains the breakdown of the residual pool loan.

(In thousands of	**Date loan taken out**	**Date of loan expiry (1)**	**Base rate of interest (2)**	**Spread (2)**	**Nominal Value**	***Delta V. Nom. and Fair Value* al 4.08.2016 (3)**	***Residual to ammort.* at 31.12.2017 (4)**	**Balance at 31.12.2017**
Line 2020	04/08/16	31/12/20	N.a.	N.a.	5,000	(1,063)	(703)	4,297
Pool loan					**5,000**	**(1,063)**	**(703)**	**4,297**

(1) The TAS-Banks Agreement provides for repayments of 2 million in 2019 and 3 million in 2020.

(2) The TAS-Banks Agreement provides for a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points.

(3) Less fair value compared to the nominal value at the date the TAS-Banks Agreement is valid.

(4) Residual cost to amortise.

The bank loan is guaranteed by a lien on 36% of the share capital of TAS and provides for compliance with certain financial parameters, non-compliance with which allows the bank pool to demand immediate repayment of the loan.

In accordance with Consob communication DEM/6064293 of 28 July 2006, the following financial parameters relating to the outstanding debt are provided below:

- Group EBITDA;
- Group net equity.

The following is a summary of the parameters of the new TAS-Banks Agreement:

	Covenant Details			
	EBITDA[9]		Net Equity	
31.12.2017	€	3,131.00	€	16,233.00
31.12.2018	€	4,454.00	€	16,499.00
31.12.2019	€	6,287.00	€	19,495.00
31.12.2020	€	7,797.00	€	23,113.00

According to the TAS Banks Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2017, the financial parameters had been complied with.

CURRENT LIABILITIES

26)
TRADE PAYABLES

The value of trade payables, totalling Euro 26,781 thousand also included trade-related accruals and deferrals payable, and was made up as follows:

Trade payables	31/12/2017	31/12/2016	Change
Advances	674	200	474
Payables to suppliers	16,382	8,494	7,888
Payables to related parties	620	654	(34)
Trade accruals and deferrals payable	9,105	6,919	2,187
TOTAL	**26,781**	**16,267**	**10,514**
Within the following year	26,781	16,267	10,514
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**26,781**	**16,267**	**10,514**
Overdue – less than 1 month	787	868	(81)
Overdue – more than 1 month	736	1,083	(347)
TOTAL	**1,523**	**1,951**	**(428)**

The figure for *Payables to suppliers* at 31 December 2017 includes the invoices for the resale to one of the Group's principal customers for a total of Euro 12,630 thousand (Euro 3,849 thousand in 2016).

[9] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined on page 12 of this document, is adjusted to eliminate the impact of the costs related to the Operation, the non-recurring costs generated by exceptional events and provisions for risks and charges.

The item *Advances* included the advances received from customers in relation to supply goods and services not yet completed.

With regard to relations with related companies, reference is made to Note 37 in this section.

The *trade-related accruals and deferrals* related mainly to the deferral of orders in progress already invoiced to the customer but not yet completed on the year-end date.

The breakdown is given below:

Trade accruals and deferrals payable	31/12/2017	31/12/2016	Change
Deferrals payable maintenance	233	210	24
Deferrals payable installation and consulting	4,472	2,402	2,069
Deferrals payable fees	304	274	30
Deferrals payable for resale hardware/software	4,025	4,028	(4)
Other accrued liabilities	71	4	67
TOTAL	**9,105**	**6,919**	**2,187**

The book value of the trade payables at the balance sheet date is considered to reflect their fair value.

27)
OTHER PAYABLES

Other payables for Euro 7,853 thousand, related to:

Other payables	31/12/2017	31/12/2016	Change
Tax payables	2,265	1,863	401
Payables to social security institutions	1,995	1,803	193
Various payables	3,593	3,104	489
TOTAL	**7,853**	**6,770**	**1,082**
Within the following year	7,853	6,770	1,082
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**7,853**	**6,770**	**1,082**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The details relating to other payables appear below:

Tax payables	31/12/2017	31/12/2016	Change
IRPEF payables	1,137	1,088	49
VAT payables	1,124	774	350
Other tax payables	3	2	2
TOTAL	**2,265**	**1,863**	**401**
Within the following year	2,265	1,863	401
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**2,265**	**1,863**	**401**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

IRPEF payables relate to withholding tax on the December payroll.

Social security payables	31/12/2017	31/12/2016	Change
Payable to INPS [pension fund]	1,802	1,623	179
Payables to INAIL and other institutions	193	180	14
Other social security payables	-	-	-
TOTAL	**1,995**	**1,803**	**193**
Within the following year	1,995	1,803	193
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1,995**	**1,803**	**193**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

Payables to social security institutions relate mainly to contributions payable on the December payroll, and on salaries accruing on the balance sheet date in relation to additional monthly salary payments, holidays not taken and bonuses.

Various payables	31/12/2017	31/12/2016	Change
Payables to personnel	3,347	2,867	480
Various other payables	246	238	8
TOTAL	**3,593**	**3,104**	**489**
Within the following year	3,593	3,104	489
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**3,593**	**3,104**	**489**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

There were no outstanding payables to employees on 31 December 2017.

The book value of the Other payables on the balance sheet date is considered to reflect their fair value.

28)
CURRENT FINANCIAL PAYABLES

Total current financial payables at 31 December 2017 were Euro 4 thousand.

Current financial payables	31/12/2017	31/12/2016	Change
Payables to banks	4	8	(3)
Financial accruals and deferrals	-	-	-
TOTAL	**4**	**8**	**(4)**
Within the following year	4	8	(4)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**4**	**8**	**(4)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The fair value of financing (current and non-current), largely corresponded with the book value.

The structure of the current and non-current financial payables, in terms of the annual interest rate at 31 December 2017 and debt currency is as follows (nominal value):

Financial payables	zero rate	less than 5%	between 5% and 10.0%
Euro	4	5,000	-
TOTAL	**4**	**5,000**	**-**

As already mentioned, the renegotiated pool finance provides for a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points.

On the balance sheet date the Group's exposure to changes in interest rates, and the dates for the review of the rates, were as follows:

Rate review period	31/12/17	31/12/16
From 0 to 6 Months	5,000	5,000

The table below shows the changes in the Company's financial payables (book value):

Financial payables	31/12/2017	31/12/2016	Change
Non-current	4,297	4,038	259
Current	4	8	(4)
TOTAL	**4,301**	**4,046**	**256**

Changes	Year 16
Opening balance at 1.1.2016	**21,678**
Recognition effect on fair value of new debt	(1,063)
Recognition effect on amortised cost of new debt	100
Closing release from debt 4.08.2016	(20,000)
Release of amortised cost of old pool loan	3,359
Monetary changes in bank and financial payables	(29)
Closing balance at 31.12.2016	**4,046**

Changes	Year 17
Opening balance at 1.1.2017	**4,046**
Recognition effect on amortised cost of new debt	259
Monetary changes in bank and financial payables	(3)
Closing balance at 31.12.2017	**4,301**

At 31 December 2017, the reserve of liquid assets was as follows:

Bank credit lines	*Loans 31.12.2017*	*Utilisation 31.12.2017*	*Availability of credit 31.12.2017*	*Availability of credit 31.12.2016*
Financing Lines	5,000	(5,000)	-	-
Self-liquidating lines	-	-	-	-
Total Bank Credit Lines	**5,000**	**(5,000)**	**-**	**-**
Factoring Lines	2,210	(382)	1,828	1,564
Total Factoring Credit Lines	**2,210**	**(382)**	**1,828**	**1,564**
Total Banking/Factoring Credit Lines	**7,210**	**(5,382)**	**1,828**	**1,564**
Cash and cash equivalents			**2,130**	**6,585**
Total			**3,958**	**8,148**

The value of the pool loan mentioned above represents the nominal value of renegotiated debt. The balance sheet value, at the amortised cost, stood at Euro 4,297 thousand.

The Company's liquidity reserve of Euro 4 million was considered sufficient to meet the existing commitments at the balance sheet date, based also on the comments in Note 1 of this Section.

29) OTHER FINANCIAL LIABILITIES

For the sake of completeness, it is noted that on 14 July 2017 the Company received a request from the Customs Agency referring to a check on a TAS customer, on behalf of the Tax Office of a EU country, to provide documentation relating to the correct application of intra-Community VAT. This referred to a transaction for the sale of assets related to the resale of hardware; adequate documentation had already been supplied in this regard. On 18 September 2017, the investigation was completed in respect of TAS and no irregularities were found.
In consideration of the above therefore, the Company currently has found no elements that would necessitate a provision of any kind to be made.

INFORMATION ON THE INCOME STATEMENT

Comments on the Income Statement follow. These are compared with the relevant figures for the corresponding period in 2016.
It also shows the revenue and costs accruing with regard to related parties.
For additional details on the relations with related parties, please refer to Note 37 in this section.

30)
REVENUE

Revenue	31/12/2017	31/12/2016	Change	% Change
Revenue	54,530	41,236	13,294	32.2%
(of which in respect of related companies)	*922*	*442*	*480*	>100.0%
Work in progress	913	509	405	79.5%
Other revenue	1,343	2,125	(781)	(36.8%)
(of which non-recurring)	-	990	(990)	(100.0%)
(of which in respect of related companies)	*459*	*334*	*125*	*37.6%*
TOTAL	**56,786**	**43,869**	**12,918**	**29.4%**

At 31 December 2017 the Company recorded *Total revenue* for Euro 56,786 thousand, compared to Euro 43,869 thousand the previous financial year. These are made up as follows:

- Euro 55,443 thousand made up of revenue from typical management (Euro 41,744 thousand in 2016);
- Euro 1,343 thousand made up of other non-typical revenue (Euro 2,125 thousand in 2016).

Other revenue referring to the previous year included non-recurring revenue for Euro 990 thousand referring to a contingent asset resulting from the outcome of a dispute with one of the Company's suppliers.

The details of core revenue by type are reported below:

Revenue by type	31/12/2017	Impact %	31/12/2016	Impact %	Change	% Change
Core revenue	**38,980**	**70.3%**	**37,067**	**88.8%**	**1,914**	**5.2%**
- Licenses	6,021	15.4%	4,488	12.1%	1,533	34.1%
- Maintenance	7,473	19.2%	7,547	20.4%	(73)	(1.0%)
- Services	17,669	45.3%	16,720	45.1%	949	5.7%
- Royalties and usage fees	3,964	10.2%	4,121	11.1%	(158)	(3.8%)
- Support fees	3,853	9.9%	4,190	11.3%	(337)	(8.0%)
Resale revenue third party sftw and hrdw	**16,463**	**29.7%**	**4,677**	**11.2%**	**11,785**	**>100.0%**
- Licenses	14,638	88.9%	3,717	79.5%	10,921	>100.0%
- Maintenance	377	2.3%	402	8.6%	(25)	(6.2%)
- Services	430	2.6%	432	9.2%	(3)	(0.6%)
- Royalties and usage fees	1,017	6.2%	126	2.7%	892	>100.0%
TOTAL CORE REVENUE	**55,443**	**100.0%**	**41,744**	**100.0%**	**13,699**	**32.8%**

Total core revenue increased by 5.2% on the previous year. Specifically, significant growth was seen in the software licenses sold, which at 31 December 2017 made up 15.4% of total core revenue, going from Euro 4,488 thousand to Euro 6,021 (+34.1%).

The table below shows the distribution of core revenues by geographic area:

Revenue by geographic area	31/12/2017	Impact %	31/12/2016	Impact %	Change	% Change
Core revenue	**38,980**	**70.3%**	**37,067**	**88.8%**	**1,913**	**5.2%**
- Italy	35,842	92.0%	32,760	88.4%	3,082	9.4%
- Germany	1,352	3.5%	2,306	6.2%	(954)	(41.4%)
- Great Britain	596	1.5%	561	1.5%	35	6.2%
- Brazil	154	0.4%	292	0.8%	(138)	(47.4%)
- Spain	451	1.2%	150	0.4%	301	>100.0%
- Switzerland	177	0.5%	428	1.2%	(251)	(58.7%)
- Other	408	1.0%	570	1.5%	(162)	(28.4%)
Resale revenue third party sftw and hrdw	**16,463**	**29.7%**	**4,677**	**11.2%**	**11,786**	**>100.0%**
- Italy	10,618	64.5%	4,426	94.6%	6,191	>100.0%
- Foreign countries	5,845	35.5%	251	5.4%	5,595	>100.0%
TOTAL CORE REVENUE	**55,443**	**100.0%**	**41,744**	**100.0%**	**11,786**	**28.2%**

Revenues for the Italian area grew by 9.4% to Euro 35,842 thousand compared to Euro 32,760 thousand in the corresponding period last year.

31)

COSTS OF PRODUCTION

*Personnel cost*s, the highest payable item on the Income Statement, went from Euro 20,989 thousand to Euro 22,417 thousand, recording an increase of 6.8% compared to 2016. Excluding development costs, the increase was for 7.1% (Euro 1,677 thousand).

Personnel costs	31/12/2017	31/12/2016	Change	% Change
Salaries and wages	18,608	17,341	1,266	7.3%
Social security contributions	5,508	5,197	311	6.0%
TFR provision	1,245	1,202	42	3.5%
Other costs	58	-	58	>100.0%
Capitalised development costs	(3,001)	(2,752)	(249)	9.0%
TOTAL	**22,417**	**20,989**	**1,428**	**6.8%**

The table below illustrates the TAS staff at 31 December 2017:

Staff	31/12/2017	31/12/2016	Change
- Managers	25	26	(1)
- Executive	99	100	(1)
- Workers	252	238	14
TOTAL	**376**	**364**	**12**

Costs of services and other costs for Euro 29,611 thousand, are detailed in the table below:

Costs of services and other costs	31/12/2017	31/12/2016	Change	% Change
Raw materials, consumables and goods	14,503	4,139	10,364	>100.0%
- of which capitalised development costs	*(503)*	*(494)*	*(10)*	*1.9%*
- of which costs third party sftw and hrdw	*14,313*	*4,071*	*10,242*	*>100.0%*
For services	12,565	13,132	(567)	(4.3%)
- of which non-recurring	*40*	*634*	*(594)*	(93.7%)
- of which in respect of related companies	*1,484*	*1,574*	*(90)*	(5.7%)
- of which capitalised development costs	*(1,097)*	*(967)*	*(130)*	*13.5%*
- of which costs third party sftw and hrdw	*1,728*	*440*	*1,288*	*>100.0%*
For use of third-party assets	1,634	1,615	19	1.2%
Provision for risks	312	-	312	-
- of which non-recurring	*312*	-	*312*	-
Various management charges and other charges	596	548	49	8.9%

- of which non-recurring	*-*	*63*	*(63)*	*(100.0%)*
TOTAL COSTS	**29,611**	**19,434**	**10,177**	**52.4%**

The increase in *Raw materials, consumables and goods* that can be seen in the table, refers almost exclusively to the increased costs for the aforementioned resale of hardware and software.

The *Cost of services* for Euro 12,565 thousand were made up as follows:

Costs of services	31/12/2017	31/12/2016	Change	% Change
Software design and development	3,594	4,371	(777)	(17.8%)
Capitalised development costs	(1,097)	(967)	(130)	13.5%
Professional services from third parties for resale	2,479	2,956	(477)	(16.1%)
Remuneration to directors, statutory auditors and committees	737	525	211	40.2%
Travel costs	852	842	10	1.2%
Consulting	1,143	1,837	(694)	(37.8%)
Outsourced IT services	703	538	165	30.6%
Utilities and logistics	571	552	19	3.4%
Insurance	400	367	33	9.0%
Marketing and communication	465	550	(85)	(15.5%)
Personnel services	586	625	(39)	(6.2%)
Other services	405	494	(89)	(18.1%)
TOTAL CORE COSTS	**10,837**	**12,691**	**(1,854)**	**(14.6%)**
Costs third party sftw and hrdw	1,728	440	1,288	>100.0%
TOTAL	**12,565**	**13,132**	**(567)**	**(4.3%)**

The 14.6% decrease in *core items* went from Euro 12,691 thousand to Euro 10,837 thousand mainly due to the reduction in the software design and development consulting, which last year had mainly included the legal and financial activities related to the restructuring operation.

The item *Costs for use of third-party assets* for Euro 1,634 thousand was made up as follows:

Costs for use of third-party assets	31/12/2017	31/12/2016	Change	% Change
Rent of premises	1,229	1,222	7	0.6%
Leasing and hiring	404	393	12	3.0%
TOTAL	**1,634**	**1,615**	**19**	**1.2%**

As shown in the table, there were non-recurring costs totalling Euro 352 thousand, broken down as follows:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Costs of services"	(40)	Consulting for AUCAP operation
Total	**(40)**	
"Other costs"	(312)	Dispute with former employee and customer
Total	**(312)**	
TOTAL NON-RECURRING INCOME/(COSTS)	**(352)**	

Costs of services mainly refer to legal consulting provided by leading companies regarding the free capital increase.

Other costs were represented by a dispute with a former employee and one with a customer.

32)
AMORTISATIONS AND DEPRECIATIONS

This item went from Euro 5,595 thousand to Euro 7,360 as follows:

Amortisations, depreciations and impairment reversals	31/12/2017	31/12/2016	Change	% Change
Capitalised software	4,301	3,999	302	7.6%
Other intangible fixed assets	265	1,192	(927)	(77.8%)
Tangible fixed assets	540	382	159	41.6%
Impairment of shareholdings	2,180	-	2,180	-
Impairment of trade receivables and other receivables	73	23	50	>100.0%
TOTAL	**7,360**	**5,595**	**1,764**	**31.5%**

The decrease of the item *Other intangible fixed assets* is related to the 2016 termination of the amortisation period of the *Customer list*.
For further details on the *Impairment of shareholdings*, please refer to Note 12 in this section.

33)
FINANCIAL INCOME AND CHARGES

The balance of financial management was negative for Euro 482 thousand and was made up as follows:

Financial income/(expenses)	31/12/2017	31/12/2016	Change	Change %
Income from non-current receivables	8	9	(1)	(14.2%)
Other income	6	3	3	91.5%
Exchange rate gains	17	-	17	#DIV/0!
TOTAL FINANCIAL INCOME	**30**	**12**	**18**	**153.3%**
Interest payable and other financial charges	(453)	(1,033)	580	(56.1%)
Exchange rate losses	(59)	(18)	(41)	225.2%
TOTAL FINANCIAL CHARGES	**(512)**	**(1,051)**	**539**	**(51.3%)**
TOTAL RESULT OF FINANCIAL MANAGEMENT	**(482)**	**(1,039)**	**557**	**(53.6%)**

The item *Interest payable and other financial charges,* which went from Euro 1,033 thousand in 2016 to Euro 453 thousand at 31 December 2017, included:

- interest payable on loans, current bank accounts and factoring accounts for Euro 76 thousand (Euro 31 thousand in 2016);
- bank charges for Euro 761 thousand (Euro 65 thousand in 2016);
- the effect for the period for Euro 259 thousand relating to the recognition of the amortised cost of the pool finance (Euro 882 thousand in 2016);
- the effect for the period for Euro 57 thousand (Euro 55 thousand in 2016) relating to the recognition of interest costs linked to the actuarial valuation of the employee severance indemnity provision.

Note that the interest rate risk threatening the Group originates almost exclusively from the renegotiated pool loan with the Creditor Banks, which provides a Euribor percentage rate with a maturity of 3 months and a spread of 150 base points. If the Euribor should assume a negative value, the applicable rate will be formally considered zero, and in such cases only the spread would apply.

A hypothetical increase of 0.5% in the interest rates applicable to the above loan would result in increased net expenses before tax for about Euro 20 thousand, for the entire duration of the loan. On the other hand, a 0.5% reduction in interest rates would not entail any benefit because at the balance sheet date the Euribor has a negative value.
This analysis is based on the assumption of a generalised and instantaneous 0.50% change in interest rates, measured in homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial liability is expressed.

34) TAXES

At 31 December 2017, there was no impact from current and deferred taxes.

Note that it was decided not to allocate all the deferred tax receivables to the Company's tax losses, given that on the balance sheet date, there was no reasonable certainty that they would be used within the Plan's time frame. However, in the light of the elimination of the 5-year restriction on the carrying-over of tax losses, the Company has not lost the option of entering the deferred tax receivables on those losses in the future. The overall amount not entered is about 9.5 million Euro.

The reconciliation of the IRES and IRAP tax charges is reported below:

Reconciliation of tax charges	31/12/2017	31/12/2016
Pre-tax profit	(3,083)	(3,188)
Theoretical rate (IRES)	24.0%	27.5%
Theoretical taxes	(740)	(877)
Higher taxes from non-deductible costs	816	5,319
Less taxes from non-taxable income/deductible costs	(509)	(904)
Net variation in deferred tax recorded and not recorded	432	(3,539)
IRAP (regional business tax)	-	-
TOTAL	**-**	**-**

35) OTHER PROFIT/(LOSS)

The value of the Other profit/(loss) is made up as follows:

Other profit/(loss)	31/12/2017	31/12/2016	Change
Actuarial profit/(loss) on defined benefit plans	15	(156)	170
Income tax relating to Other profit/(loss)	-	-	-
Total Other profit/(loss), net of tax effect	**15**	**(156)**	**170**

There was no tax effect relating to Other profit/(loss).

36)

DISCLOSURE OF AUDITING FIRM'S REMUNERATION

According to the provisions of article 149-*duodecies* of the Issuers Regulations, enacting Legislative Decree No. 58 of 24 February 1998, below are details of the services rendered by the auditing firm in 2017, in thousands of Euro.
The table below indicates the fees for the accounts auditing and other services.

Type of services	Service provider	Service recipient	Compensation
Accounts auditing	Parent company auditor	TAS S.p.A.	80

37)
TRANSACTIONS WITH RELATED PARTIES

The following related-party transactions took place during the period. For the definition of "Related parties", reference has been made to IAS 24 R, approved by Regulation (EC) No 632/2010.
The table below summarises the economic, capital and financial relations with related parties on 31 December 2017:

	TAS HELVETIASA	TAS FRANCE EURL	TAS AMERICAS LTDA	TAS IBERIA SLU	TAS GMBH	OWL SPA	GUM CONSULTING S.R.L.
Trade receivables	18	-	490	589	183	-	-
Other receivables	-	-	-	2	-	-	-
	-	-	-	-	-	-	-
Trade payables	(210)	(74)	(216)	-	-	(79)	(41)
Costs							
Raw material consumables	-	(1)	-	(19)	-	-	-
Costs of services	(859)	(158)	(72)	(96)	-	(29)	(269)
Revenue							
Revenue for services	70	-	154	451	247	-	-
Other revenue	2	408	50	-	-	-	-

Related-party transactions as defined by IAS 24 were carried out in accordance with laws in force, at normal market prices.

- Relations with the subsidiary TAS Helvetia S.A. referred to the days worked by the parent company's employees on the Company's jobs and projects;

- The subsidiary company TAS France is the distributor in France for the Teletrading product, on the sales in respect of which it pays royalties to the Company and can ask for additional sales services to be carried out;

- Revenue from the subsidiary TAS Iberia referred mainly to the royalties due to the Company on the subsidiary's revenue. Costs of services, instead, refer to days worked by employees of the subsidiary on orders of the Company;
- The relations between the Company and the parent company OWL S.p.A. (formerly TASNCH Holding) concern Group management and coordination services;
- The costs of services to the subsidiary TAS Americas refer to sales commissions recognised by the subsidiary company to the Parent Company on products invoiced by the Company. Revenue referred to maintenance and consulting carried out for the Parent Company;
- The relations with the company Gum Consulting S.r.l. in which Dario Pardi is a majority shareholder referred to the compensation including the refund of expenses as Chairman of the Company's Board of Directors at 31 December 2017.

The following information contains details of the impact that related-party transactions had on the Company's financial and asset situation;

Impact of related-party transactions			
		Related parties	
	Total	**Absolute Amount**	**%**
a) Impact of related-party transactions on items on the Balance Sheet			
Trade receivables	36,270	1,279	3.5%
Current financial receivables	21	-	0.0%
Other receivables	117	2	1.9%
Trade payables	(26,781)	(620)	2.3%
b) Impact of related-party transactions on items on the Income Statement			
Raw material consumables	(14,503)	(20)	0.1%
Costs of services	(12,565)	(1,484)	11.8%
Trade revenue	54,530	922	1.7%
Other revenue	1,343	459	34.2%

38)
NUMBER OF EMPLOYEES

Staff	31/12/2017	31/12/2016	Change
- Managers	25	26	(1)
- Executive	99	100	(1)
- Workers	252	238	14
TOTAL	**376**	**364**	**12**

39)
REMUNERATION TO DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND DIRECTORS WITH STRATEGIC RESPONSIBILITIES

Below are the details of the remuneration (in Euro) payable to the directors, members of the Board of Statutory Auditors, General Managers and directors with strategic responsibilities in the year 2017.

Name and Surname	Position held during the year	Period in which the position was held	Expiry of office	Emoluments payable for position within TAS S.p.A. *	Non-monetary benefits **	Bonuses and other incentives ***	Other benefits ****
Dario Pardi	Chairman	01/01-31/12/2017	Approval of 2019 Financial Statements	188,333		60,000	
Valentino Bravi	Chief Executive Officer	01/01-31/12/2017	Approval of 2019 Financial Statements	61,667	3,077		300,000
Carlo Felice Maggi	Vice Chairman	26/04-31/12/2017	Approval of 2019 Financial Statements	27,733			
Carlotta De Franceschi	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	31,250			
Giancarlo Maria Albini	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	31,667			
Roberta Viglione	Board member	01/01-31/12/2017	Approval of 2019 Financial Statements	25,000			
Ambrosella Ilaria Landonio	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	24,267			
Martino Maurizio Pimpinella	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	23,333			
Nicolò Locatelli	Board member	26/04-31/12/2017	Approval of 2019 Financial Statements	13,333			
Paolo Colavecchio	Board member	01/01-26/04/2017	End of mandate	5,000	382		33,333
Enrico Pazzali	Board member	01/01-26/04/2017	End of mandate	8,333			
Andrèe Bazile Suzan	Board member	01/01-26/04/2017	End of mandate	6,667			
Total directors' remuneration				**446,583**	**3,460**	**60,000**	**333,333**
Antonio Mele	Standing Auditor	01/01-31/12/2017	Approval of 2019 Financial Statements	38,133			
Claudia Sgualdino	Standing Auditor	26/04-31/12/2017	Approval of 2019 Financial Statements	20,800			
Silvano Crescini	Chairman	26/04-31/12/2017	Approval of 2019 Financial Statements	20,800			
Carlo Ticozzi Valerio	Chairman	01/01-26/04/2017	End of mandate	13,884			
Simonetta Bissoli	Standing Auditor	01/01-26/04/2017	End of mandate	10,400			
Total auditors' remuneration				**104,018**	**-**	**-**	**-**
TOTAL REMUNERATION				**550,600**	**3,460**	**60,000**	**333,333**
Directors with strategic responsibilities*****					**2,477**	**71,682**	**334,167**

* The amounts stated refer to the payment authorised by the Shareholders' Meeting.
** Included fringe benefits.
*** The stated amounts refer to the variable portion of remuneration.
**** Includes salary from paid employment. Does not include welfare contributions payable by employer.
***** Included the 3 managers in office on 31 December 2016.
For more details, please refer to the Remuneration Report.

For the Board of Directors
the Chief Executive Officer
VALENTINO BRAVI

ANNEX 1:

The basic data on the parent company OWL S.p.A. set out in the summary chart required by article 2497-*bis* of the Civil Code, was taken from the respective Balance Sheet for the financial year ending 31 December 2016. For a full and complete understanding of the Balance Sheet and financial situation of OWL S.p.A. at 31 December 2016, as well as the financial profit achieved by the company in the financial year which ended on that date, reference is made to the Financial Statements which, together with the auditing firm's report, is available in the forms and formats set down by law.

OWL S.p.A.
Registered Office: Via Dell'Annunciata, 23/4 - Milan
Tax code/Milan Registry of Businesses No. 03222440160

BALANCE SHEET			
ASSETS **Amounts in Euro**		**31/12/2016**	**31/12/2015**
A	Receivables from shareholders for outstanding payments	-	-
B	Fixed assets	33,380,172	20,770,610
C	Current assets	190,782	208,758
D	Accruals and deferrals	-	-
TOTAL ASSETS		**33,570,954**	**20,979,368**
LIABILITIES **Amounts in Euro**		**31/12/2016**	**31/12/2015**
A	Net Equity	30,847,862	20,878,256
	Share capital	*120,000*	*120,000*
	Reserves	*30,876,662*	*20,876,662*
	Profit/(loss) carried forward	*(118,407)*	*(109,854)*
	Profit (loss) for financial year	*(30,393)*	*(8,552)*
B	Provisions for risks and charges	-	-
C	Severance pay for end of employment	-	-
D	Payables	2,723,092	101,112
E	Accruals and deferrals	-	-
TOTAL LIABILITIES		**33,570,954**	**20,979,368**

INCOME STATEMENT **Amounts in Euro**		**31/12/2016**	**31/12/2015**
A	Value of production	166,859	165,734
B	Costs of production	(197,444)	(173,913)
C	Financial income and charges	192	213
D	Impairment of financial assets	-	-
E	Extraordinary income and expenses	-	-
	Income tax for financial year	-	(586)
	Profit (loss) for the period	**(30,393)**	**(8,552)**

Certification of the Financial Statements pursuant to Art. 81-*ter* of the Consob Regulation No.11971 of 14 May 1999, as amended.

The undersigned Valentino Bravi, Chief Executive Officer, and Paolo Colavecchio, as Officer in charge of the preparation of the company accounting documents for TAS S.p.A. also considering that as established by Art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, certify:

- the adequacy in respect of the Company's characteristics, and
- the effective application,

of the administrative and accounting procedures for the preparation of the Financial Statements during the financial period from January-December 2017.

It is also hereby certified that the Financial Statements at 31 December 2017:

a. have been drawn up according to the international accounting standards applicable and recognised in the European Community pursuant to the regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
b. correspond to the balances in the accounting records;
c. provide a true and correct representation of the equity and economic and financial situation of the issuer and of all the companies included in the consolidation.

The Report on Operations includes a reliable analysis of the trend and operating profit, in addition to the position of TAS and all businesses included in the consolidation and a description of the main risks and uncertainties to which they are exposed.

Bologna, 21 March 2018

Chief Executive Officer
Valentino Bravi

Financial Reporting Officer
Paolo Colavecchio

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VAT number 03984951008
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PEC: amministrazione@pec-tasgroup.it

Company subject to the direction and coordination of OWL S.p.A. based in Milan, Via dell'Annunciata 23/4 - Tax Code and Milan Company Reg.