TAS S.p.A.

Consolidated Financial Statements and Annual Financial Statements at 31 December 2016

COMPANY SUBJECT TO THE MANAGEMENT AND COORDINATION OF OWL S.p.A.
(formerly TASNCH HOLDING S.P.A.)

Courtesy English translation from the Italian language for information purposes' only

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CONSOLIDATED FINANCIAL STATEMENTS OF TAS GROUP

TAS S.P.A. FINANCIAL STATEMENTS

CORPORATE BODIES

Board of Directors
expiry: on the approval of the Financial Statements at 31 December 2016

Dario Pardi		Chairman
Valentino Bravi		Chief Executive Officer
Paolo Colavecchio	5	Executive Director
Andrèe Bazile Suzan	1	Independent non-executive director
Roberta Viglione	2.3	Independent non-executive director
Giancarlo Maria Albini	2.3	Independent non-executive director
Giovanni Damiani	6	Independent non-executive director
Luca Di Giacomo	2	Independent non-executive director
Carlotta De Franceschi	1.7	Independent non-executive director
Enrico Pazzali	1,3,4	Independent non-executive director

Board of Statutory Auditors
expiry: on the approval of the Financial Statements at 31 December 2016

Statutory Auditors		
Carlo Ticozzi Valerio		Chairman
Simonetta Bissoli		
Antonio Mele		
Alternate Auditors		
Raffaella Farina		
Adolfo Cucinella		
Auditing Firm		Deloitte & Touche S.p.A.
Share capital	€ 24,330,645.50[8]	Fully subscribed and paid-up
no. shares	83,536,898[8]	

1 *Member of the Remuneration Committee.*
2 *On 14 December 2016 the Board member resigned as a result of the loss of the requirement of independence pursuant to the provisions of application criterion 3.C.1. letter e) of the Corporate Governance Code for listed companies.*
3 *Member of the Related Parties Committee.*
4 *Co-opted by the Board of Directors as board member and Chairman of the Remuneration Committee and member of the Related Parties Committee on 8 January 2016. Confirmed on 31 May 2016 by the Shareholders' Meeting.*
5 *Appointed on 31 May 2016 by the Shareholders' Meeting*
6 *On 18 July 2016 the board member, as a result of his resignation, ceased to hold the office of Board member and, consequently, that of member of the Remuneration and Appointments Committee.*
7 *Co-opted by the Board of Directors and member of the Remuneration and Appointments Committee on 27 October 2016. On 26 January 2017 was appointed by the Chairman of the Control and Risks Committee in place of Board member Di Giacomo, who resigned on 14 December 2016.*
8 *Following the capital increase resolution approved on 1 March 2017 and effective from 2 March 2017*

GROUP STRUCTURE

Ownership percentages as at 31 December 2016

INFORMATION ON TAS S.P.A.

TAS S.p.A. (hereinafter "Tas", the "Company" or the "Parent Company") is the holding company of 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.
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 on international markets, the TAS Group operates through various subsidiaries: TAS Helvetia S.A. ("TAS Helvetia"), TAS France S.A.S.U. ("TAS France"), TAS IBERIA, S.L.U. ("TAS Iberia"), TASAMERICAS TECNOLOGIA AVANÇADA DE SISTEMAS LTDA. ("TAS Americas") and TAS USA Inc. ("TAS Usa") and TAS Germany Gmbh ("TAS Germany").
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 87.557% held by OWL S.p.A. (formerly TASNCH Holding) subsidiary, from 4 August as announced to the market indirectly by Dario Pardi, also Chairman of the Board of Directors of TAS S.p.A. and by Valentino Bravi, Chief Executive Officer of the company, by their 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 2008 compliance certificate	Corporate solutions adopted by major service industries and PA entities

2016 was a year of renewal and fresh goals for TAS, not only in terms of affirmation of the solutions proposed to the market, but also of the Group's strategic transformation and relaunch based on the new governance system completed in August, which will lead to new investments and new markets, supporting the Group as it faces a future of great change.

The previous year opened with a surge in the e-Money area of the TAS Group. Between **January** and **March**, more and more customers choose **TAS solutions for 3DSecure and tokenization**, in order to protect their customers' sensitive data and to comply with PCI requirements also in the wake of a sharp increase in transactions on web and mobile channels in addition to the traditional channel. TAS also invests in the dematerialisation of banking processes, developing the **clSecurPIN** digital PIN management system. This solution was adopted during the year by **BNL** – the first bank in Italy to adopt totally electronic PIN activation. Success also in the ATM area: in March **CSE joined IntesaSanPaolo and Phoenix** in choosing the TAS application **for the**

servicing and expanded management of ATMs, on account of the particularly effective and innovative features that facilitate the introduction of enhanced capabilities in latest-generation ATMs at bank branches.

March was also a month for **research**: thanks to years of experience and extensive research carried out in collaboration with the CeTIF on the impact of T2S on liquidity management, the TAS Group completed the release of the new **Aquarius Intraday Liquidity** component and led a series of international webinars, in partnership with Bobsguide and GT News, to explain the reporting requirements of the **BCBS 248** in advance of the January 2017 deadline, which will require banks to implement intraday liquidity reporting tools. The collaboration with the CeTIF also extends to the area of SEPA payments and is reflected in the publication of the research final report **on outcomes, points still outstanding and opportunities introduced by PSD2**.

In **April** TAS celebrated its first major international recognition of the year: the prestigious American magazine **CIO Review** included the **TAS Group among the 20 most promising for Fintech companies for 2016** world-wide, by virtue of the technological quality of its solutions and its capacity for innovation. Said quality was recognised also by **IDC Financial Insights**, which in September – for the eighth consecutive year – placed the TAS Group among the top 100 global providers in the financial sector; recognition came also from **BAI and American Banker**, which included TAS among the TOP 100 vendors in the 2016 FINTECH FORWARD rankings.

The push towards foreign markets yielded results in **May** and **June**, with the acquisition of two new key contacts: **Kenex in Africa** (Kenya Commerce Exchange Service Bureau) which chose **TAS FINPlatform** to streamline its infrastructure access to SWIFTNet for its 110 banking customers, and **dwpbank in Germany**, the leading German provider of securities settlement services; with over 1500 member banks in tow, it chose the TAS Group **Aquarius solution** as its central cash management system. Aquarius' breakthrough into the German market for Treasury and Post Trading services attracted the interest of many institutional and commercial stakeholders at the**EBAday** in Milan in early June; the event counted the TAS Group among its main sponsors and welcomed an influx of visitors beyond all expectations.

TAS continues to invest in innovation and **June** saw the launch of **EasyBranch**, the new TAS Group venture for**Branch Transformation**. The announcement was made in London at the first ATMIA (ATM Industry Association) event and highlighted the product's suite of scalable and flexible solutions for the ATM channel, intended to accelerate banks' capacity during the process of transformation of its branches.

Also in **June**, TAS strengthened its "public-friendly" role with the launch of the **PayTipper payment institution** on the **pagoPA circuit**, thanks to the **PayTAS** infrastructure already adopted by several Italian regions and by one of the most advanced local authority Treasury banks.

Over **June and July** TAS became **market leader in the area of Check Image Truncation**, gaining a central role in projects for migration **to the new system project protocols using the TAS Network Gateway solution.** In fact, increasing numbers of **customers are adopting TAS NG not only** to regulate the CIT, but also to start off the necessary job of streamlining and modernisation their network messaging management infrastructures, which have become stratified over time and unsuitable for adapting to the impact of Digital Disruption.

In **August** the Group change management project officially concluded, involving **the acquisition of control of the company by a club deal of significant investors** that included **Chairman Dario**

Pardi and **CEO Valentino Bravi**, who provide financial resources and renewed commitment to the Group's strategic position in established markets and entry into new target markets.

The **September-November** period saw the TAS Group feature prominently on the stage of numerous international events, including the **Oracle Open World in San Francisco**, where important market gains materialised for the **TAS extendERP** offering based on strategic partnerships with Californian vendors. Success also at the **SIBOS in Geneva**, followed by the **ABI Salone dei Pagamenti in Milan** and **TrusTech in Cannes**. The latter two events served as the launchpad for **the EasySelf solution** of the Easy Branch suite, comprising both SW and HW, to meet the increased automation needs of bank branches and at the same time reduce the costs and risks of handling cash **at bank and retail cash desks**. EasySelf found itself among **the three finalists for the Sesame Awards** at Trustech, the annual international awards event for the most innovative solutions in the payments industry.

In **November** the Group's parent company TASNCH Holding **became OWL**, the new international holding company with a majority stake in TAS share capital. The name OWL is inspired by the owl of Athena, depicted on the first coins from ancient Greece, and refers both to the company's historical roots in the sphere of payments and exchange transactions, and its ability to visualise and anticipate market developments through innovation and experimentation.

The TAS Group successfully unveiled its new logo at the ABI Salone dei Pagamenti in Milan, under the slogan "**A FinTech start-up with 30 years of history**", summing up the end of a journey and the restart of the Group's transformation process, which builds its relaunch on three pillars: **Internationalisation** and growth of the foreign portfolio; **Digital Software Factory**: total focus on the quality of the software and especially the use of enabling technologies in the digital transformation of customer processes; **Expansion of the offer** beyond the traditional area of competence, to include markets so far addressed only marginally by the Group, such as the Corporate segment, now strategic on account of the efforts of European and non-European regulators to break down market constraints and free up virtuous competitiveness for the benefit of end users.

In December the TAS Group celebrated its shortlisting as a **Vendor of Payment Hub solutions**, thanks to developments finalised on the **TAS Network Gateway for Instant Payments**. This innovation broadens the scope of the functional and technological coverage of traditional connectivity offered by the product, helping the banks move beyond the considerable legacy limitations and embrace the **24x7x365** logic needed in order to interface the market central infrastructure, required by Go Live before the end of 2017.

The above round-up is just a small selection of the TAS Group's many successes during the year, themselves evidenced by the many new features to be found in our Media Room. It is therefore no surprise that **TAS securities scored a record high on the Milan stock exchange**, closing the year in first place among stocks that have risen the most, with an increase of +242%!

GROUP ACTIVITIES

TAS S.p.A. 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 60 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, management and control of all kinds of physical and virtual payment cards;
- the T2S solution for both central and commercial banks;
- the monitoring and centralized and integrated management in real time of Cash and Collateral Securities;
- managing the decoupling between back-office applications and protocols for interfacing with market infrastructures, for the exchange and settlement of inter-banking transactions;
- managing issuing and acquiring processes, and monitoring fraud relating to any kind of physical and virtual payment cards;
- 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,
- receivables management that currently takes advantage of the power of web and mobile channels by streamlining processes and providing competitive advantages to the customer, with solutions for capital markets aimed especially at guaranteeing:
  - Straight-through processing from trading to settlement;
  - *Post-Trade Surveillance;*
- specific ERP for:
  - Public Governance, suite for managing performance management processes in the public administration, currently being used by important Italian PA offices;
  - Services companies, which offer full coverage of administrative-accounting issues, as well as core business processes (project management, billing, procurement) that currently have a significant customer base in Italy;
  - the international market, based on the new social and collaborative user model, and implemented on the Oracle Fusion platform.

Application solutions developed by TAS for the market can be installed directly at the customer's base, or provided in 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, with extensive experience in e-commerce. 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 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. In addition, a commercial proposition for the "loans" solution is currently under way, which has been localised for the South American market, and more specifically for Brazil. 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 and capital markets.

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 registered under the Laws of the United States of America was established at the end of 2014, with the objective of driving the Parent Company's solutions on the North American market.

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 TAS Helvetia, TAS France, TAS Iberia, TAS Americas, TAS USA and TAS Germany have entered into inter-company agreements with the 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 2016 and the relevant equity investments are detailed in the table below:

Company Name	Nationality	Share capital (€/000) at 31.12.2016	% Ownership 31.12.2016	% Ownership 31.12.2015	Net Equity (€/000) at 31.12.2016
TAS S.p.A.	Italy	14,330			32,726
TAS FRANCE SASU	France	500	100	100	1,333
TAS HELVETIA SA***	Switzerland	65	100	100	(405)
TAS IBERIA SLU	Spain	20	100	100	51
TAS AMERICAS LTDA*	Brazil	365	99	100	640
TASFINNET LTDA**	Brazil	292	35	35	97
TAS USA INC	USA	16	100	100	(1)
TAS GERMANY GMBH	Germany	25	100	100	38

* On 26 February 2016, TAS sold 10,088 TAS Americas shares to Massimiliano Quattrocchi for 1% of the share capital of TAS Americas.
** The shareholding refers to TAS Americas. The company will be liquidated in 2017. The accounting effects were already incorporated at 31.12.2016 with the full write-down of the investment recorded in the financial statements of the subsidiary for the amount of 350 thousand Real.
*** It should be noted that the value of shareholders' equity includes Euro 828 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 Benedetto Croce no. 6, Rome Italy	- Milan, Via Famagosta no. 75 Italy - Verona, Via Museo no. 1 Italy - Siena, Via Girolamo Gigli, no. 2 Italy - Parma, Via Colorno no. 63/a Italy - Bologna, Via della Cooperazione no. 21 Italy - Genova, Via De Marini 1 Italy *	
TAS France Sasu	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%
TASFINNET Ltda	Avenida Alameda Mamoré no. 911, San Paolo – Brazil		35.00%
TAS Usa Inc	One Liberty Plaza, 165 Broadway, 23th 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 2016 that we are submitting for your approval forms an integral part of the TAS S.p.A.'s Consolidated Financial Statements at 31 December 2016 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 2016 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.

By referring to what is stated hereby and in the notes to the financial statements for further details, both as regards the balance sheet and the income statement, we note that the financial statements submitted here include the effects resulting from the TAS change management and recapitalisation operation (the "Operation"). In particular, on 4 August 2016 TAS, the parent OWL S.p.A. (formerly TANSCH Holding S.p.A. and hereinafter "OWL"), along with the Company's creditor banks, collectively the "Creditor Banks", Alex s.r.l. ("Alex"), GUM International s.r.l. ("GUM International"), Audley European Opportunities Master Fund Limited ("Audley EO"), a fund managed by Audley Capital Management Limited, Rosso S.à.r.l. ("Rosso") and Verde S.à.r.l. ("Verde"), implemented the executive activities of the agreements signed on 17 May 2016 relating to the Operation.

As already disclosed in press releases and particularly those of 29 April 2016, 17 May 2016, 29 July 2016 and 4 August 2016, to which we refer you for further details, and also as a result of the Consob decision of 29 July 2016, which confirmed exemption from the takeover obligations in connection with the indirect acquisition of the representative shareholding of 87,55% of TAS share capital, provided for and regulated by the contractual arrangements relating to the Operation, on 4 August 2016 the following were executed:

(i) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 100% of the Verde share capital from Rosso to GUM International;
(ii) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 58.2% of the OWL share capital from Verde to Alex; and
(iii) the agreement concluded on 17 May 2016 between the Creditor Banks, together with Banca IMI S.p.A. as agent, on the one hand, and Alex, GUM International, OWL, Verde, Rosso and Audley EO, on the other hand, governing the relationship between the Creditor Banks and new investors.

The execution of these agreements was followed by the coming into effect of an agreement, implementing a recovery plan under 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").

As a result of activities carried out as part of the execution of the above agreements, it follows that, among other things:

(i) the company Verde is wholly owned by GUM International;
(ii) the share capital of OWL is currently divided between Alex, with a 58.2% stake, and Verde, owner of the remaining 41.8%. In turn, the share capital of Alex is divided between GUM International, holder of a 30% stake, and some important investors who retain the remaining 70%;
(iii) Chairman of TAS Dario Pardi and CEO of TAS Valentino Bravi indirectly entered the share structure of TAS through GUM International, whose share capital is held, directly or indirectly, for 51% by Dario Pardi and his family and the remaining 49% by Valentino Bravi and his family;
(iv) Alex made a contribution to the share capital of OWL for Euro 10,000,000 (ten million) and the subsequent recapitalisation of TAS took place following a payment by OWL to TAS for the same amount of Euro 10,000,000 (ten million) for a future share capital increase, without repetition right;
(v) there was a reduction in the financial debt of TAS to the Creditor Banks for the amount of Euro 20,000,000 (twenty million), following the sale of receivables of the same amount by the Creditor Banks to OWL and the subsequent waiver, to the benefit of TAS, of those claims by OWL;
(vi) the remodelling of the repayment of TAS's outstanding debt of EUR 5,000,000 (five million) to the Creditor Banks became effective.

As a result of the above, the conditions emerged for the preparation of the TAS financial statements on a going concern basis and the 2016–2020 Business Plan (hereinafter also "Plan") and related financial measures.

On 18 January 2017, the parent company OWL asked TAS to call an Extraordinary Meeting (set by the TAS Board of Directors on 26 January 2017 for 01 March 2017 in single call) 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, 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.
The Shareholders' Meeting of 01 March 2017 approved the TAS free share capital increase and subsequent amendment of the bylaws of TAS to transpose the resolved increase in share capital from Euro 14,330,645.50 to Euro 24,330,645.50. Pursuant to that shareholder resolution, on 6 March 2017, the TAS free capital increase was implemented through the issue of 41,768,449 ordinary shares with no nominal value and having the same characteristics as outstanding ordinary shares, through the allocation to the capital account of an equal amount taken from the "Free future share capital increase reserve" and with free allocation to shareholders by presentation of coupon no. 5, in the ratio of 1 (one) share for every 1 (one) share owned.

Therefore, from 6 March 2017, the new shares arising from the free share capital increase were allocated to stakeholders through intermediaries authorised to the centralised management system and quoted "ex allocation", with regular dividend, equal to that of other outstanding shares, starting from the date of assignment.

As a result of the execution of the free capital increase, the company's share capital, fully subscribed and paid up, amounted to Euro 24,330,645.50, divided into 83,536,898 ordinary shares with no nominal value.

It should be noted that the amount of Euro 10,000,000 (ten million) for the TAS free share capital increase was definitively added to the assets of the company on 4 August 2016 as part of the capital strengthening process. Therefore, the TAS Free Share Capital Increase did not involve 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, as well as the free allocation of the new shares.

GROUP RESULTS SUMMARY

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.

The follow-up to the management report will indicate which APIs have been identified by the Group Management.

The following table summarises the key financial results of the Group at 31 December 2016:

TAS GROUP (in thousands of Euro)	31.12.2016	31.12.2015	Change	% change
Total revenue	**47,966**	**47,599**	**367**	**0.8%**
- of which typical	*46,074*	*47,233*	*(1,159)*	*(2.5%)*
- of which non-typical	*1,892*	*366*	*1,526*	*>100.0%*
Gross operating margin (EBITDA[1])	**3,585**	**2,292**	**1,293**	**56.4%**
% of total revenue	7.5%	4.8%	2.7%	*55.2%*
Operating result	**(2,470)**	**(7,258)**	**4,788**	**(66.0%)**
% of total revenue	(5.1%)	(15.2%)	10.1%	*(66.2%)*
Net profit/(loss) for the period	**(3,340)**	**(8,705)**	**5,365**	**(61.6%)**
% of total revenue	(7.0%)	(18.3%)	11.3%	*(61.9%)*

TAS GROUP (in thousands of Euro)	31.12.2016	31.12.2015	Change	% change
Total Assets	**58,503**	**53,448**	**5,055**	**9.5%**
Total net equity	**25,414**	**520**	**24,894**	**>100.0%**
Net Equity attributable to parent company shareholders	**25,408**	**520**	**24,888**	**>100.0%**
Net Financial Position[2]	**4,078**	**(18,166)**	**22,244**	**>(100.0%)**
- of which in respect of banks and other lenders	*4,078*	*(18,166)*	*22,244*	*>(100.0%)*

Employees at the end of the period (number)	**402**	**392**	**10**	**2.6%**
Employees (average for the period)	**397**	**415**	**(18)**	**(4.3%)**

The *Total revenue* of the Group in 2016 amounted to Euro 48.0 million compared to Euro 47.6 million in the previous year and includes *Non-recurring income*, relative to the positive outcome

[1]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.

[2] API: the data shown differs from the value of the net financial position determined in accordance with CESR recommendations for non-current financial receivables.

of a judgement against a supplier, for Euro 1.0 million, and revenues from the resale of hardware and third-party software for Euro 4.7 million (Euro 5.7 million in the previous year). Net of the latter items, 2016 revenues are up 3.3%.

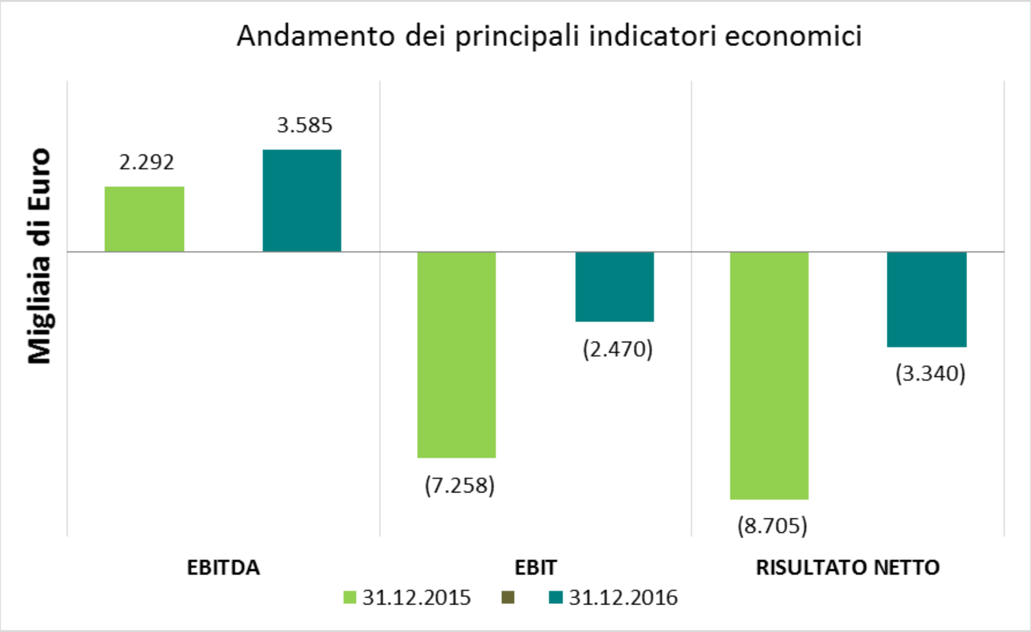
A total of 81% of core revenues come from Italy, compared with 83% in 2015, as a result of the new internationalisation strategy that sees revenue growth, albeit contained in absolute values, in Brazil (+35.2%) and in France (+13.8%). The core revenues consist mainly of software licenses and related maintenance (28.2%), royalties, usage and SAAS service fees (13.0%), support fees and professional services (48.6%).

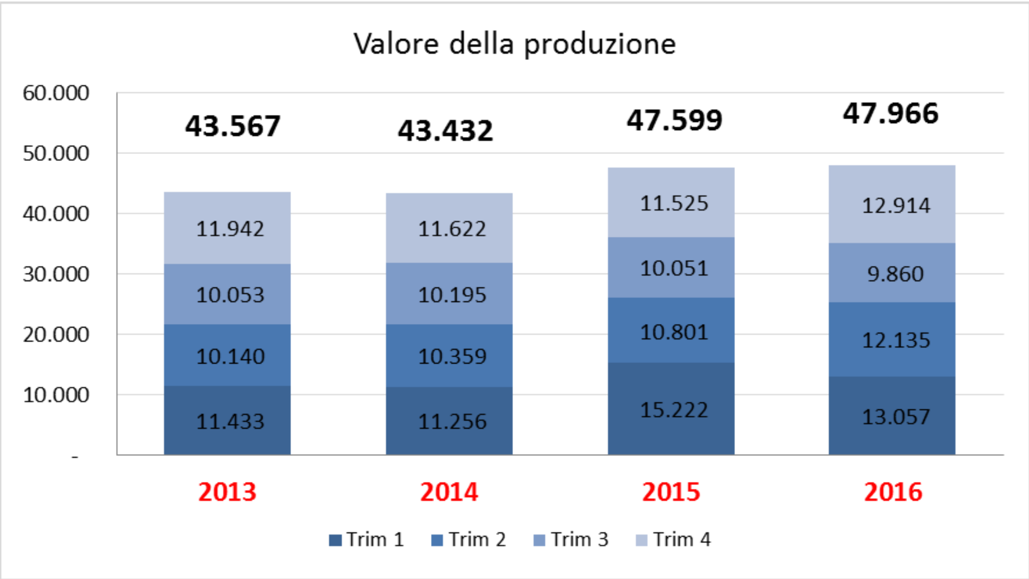
Ebitda, which includes non-recurring income and costs for a total positive amount of Euro 0.2 million, was up 56.4% to Euro 3.6 million compared to the previous year's Euro 2.3 million, which in turn included about 2.2 million of non-recurring costs.

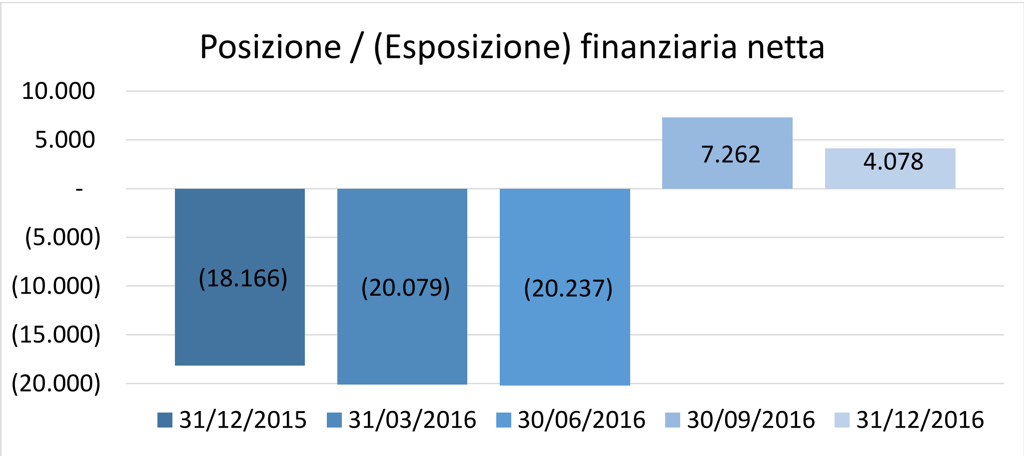
The *Operating result* for the period, influenced by depreciation and amortisation of Euro 5.9 million and write-downs of Euro 0.1 million, was negative for Euro 2.5 million – a strong improvement compared to the negative value of Euro 7.3 million in 2015, which also included the effects of the *impairment test* on the goodwill of the CGUs tested amounting to Euro 3.1 million.

The *Net profit for the period* showed a loss of Euro 3.3 million, compared to the loss of Euro 8.7 million in the previous period.

The *Net financial position* was positive for Euro 4.1 million, compared to the negative Euro 18.2 million at 31 December 2015. This trend is the result of a corporate restructuring operation; completed on 04 August 2016, it resulted in an agreement with the banks for the company's release from debt for Euro 20 million and the payment of a free future increase in share capital for Euro 10 million.


Andamento dei principali indicatori economici
Migliaia di Euro
2.292
3.585
(7.258)
(2.470)
(8.705)
(3.340)
EBITDA
EBIT
RISULTATO NETTO
31.12.2015
31.12.2016


Valore della produzione
60.000
50.000
40.000
30.000
20.000
10.000
-
43.567
43.432
47.599
47.966
11.942
10.053
10.140
11.433
11.622
10.195
10.359
11.256
11.525
10.051
10.801
15.222
12.914
9.860
12.135
13.057
2013
2014
2015
2016
Trim 1
Trim 2
Trim 3
Trim 4


Posizione / (Esposizione) finanziaria netta
10.000
5.000
-
(5.000)
(10.000)
(15.000)
(20.000)
(18.166)
(20.079)
(20.237)
7.262
4.078
31/12/2015
31/03/2016
30/06/2016
30/09/2016
31/12/2016

ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL DATA

An analysis of the main economic and financial data for 2016 is found below.

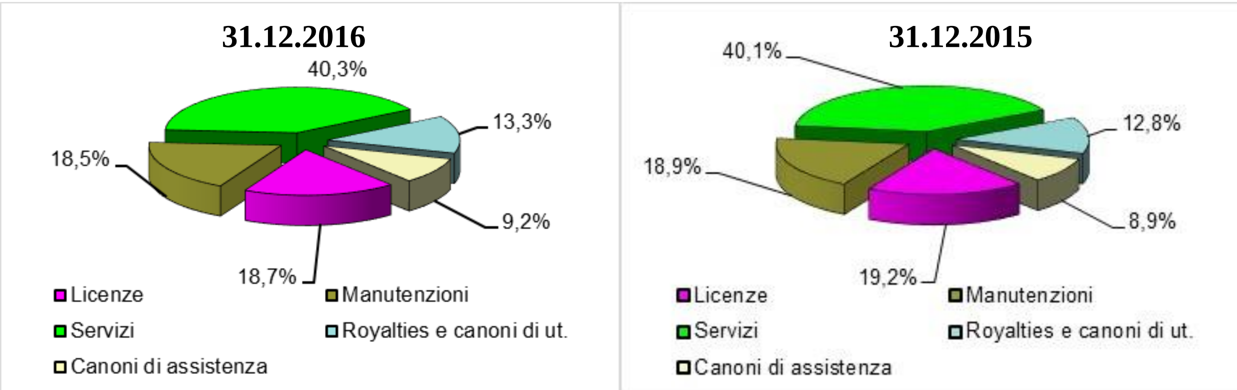
Total revenue

At 31 December 2016, the Group recorded *Total revenue* for Euro 47,966 thousand, compared to Euro 47,599 thousand for the previous year, broken down as follows:

- Euro 46,074 thousand made up of revenue from typical management (Euro 47,233 thousand in 2015);
- Euro 1,892 thousand made up of other non-typical revenue (Euro 366 thousand in 2015).

Other revenues mainly include the economic benefit of Euro 990 thousand from the settlement agreement, signed on 22 December 2016 with a provider for supplies that were the subject of a dispute arising in the wake of a judgement in favour of the Company in first instance proceedings and the recorded income from tax credit on research and development costs of Euro 461 thousand pursuant to the Stability Law 2015 (art. 1, paragraph 35).

Core revenue by type

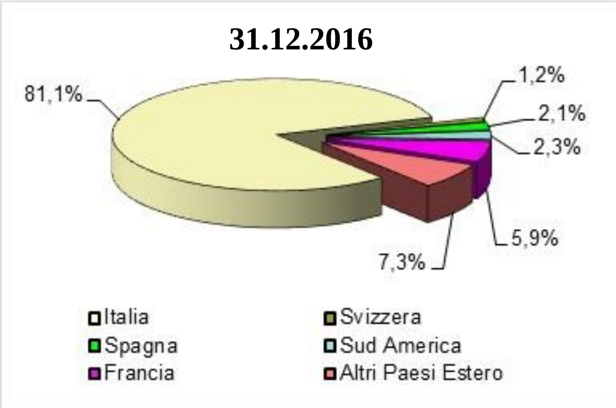


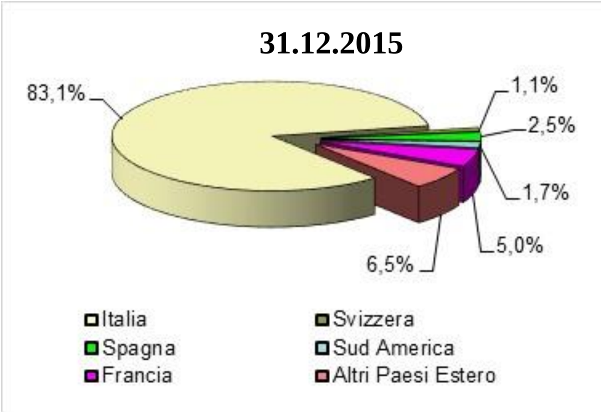
The details of revenue by type are reported below:

Core revenue by type	31/12/2016	% impact	31/12/2015	% impact	Change	Change %
Licenses	4,890	10.6%	3,911	8.3%	979	25.0%
Maintenance	8,110	17.6%	8,814	18.7%	(704)	(8.0%)
Services	18,144	39.4%	18,583	39.3%	(440)	(2.4%)
Royalties and usage fees	6,006	13.0%	6,023	12.8%	(17)	(0.3%)
Support fees	4,247	9.2%	4,207	8.9%	40	1.0%
TOTAL CORE	**41,397**	**89.8%**	**41,538**	**87.9%**	**(141)**	**(0.3%)**
Resale revenue third party sftw and hrdw	4,677	10.2%	5,695	12.1%	(1,018)	(17.9%)
TOTAL	**46,074**	**100%**	**47,233**	**100%**	**(1,159)**	**(2.5%)**

It should be noted that the total core revenues are broadly in line with the previous year (-0.3%) with very significant growth in software licenses sold (+25.03%). Total revenue reduced by Euro 1,159 thousand compared with the previous year is influenced by the reduction in resales of third-party hardware and software by Euro 1,018 thousand.

Revenue by geographic area





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

Revenue by geographic area	31/12/2016	% impact	31/12/2015	% impact	Change	Change %
Italy	37,361	81.1%	39,257	83.1%	(1,896)	(4.8%)
Switzerland	568	1.2%	541	1.1%	27	5.0%
Spain	988	2.1%	1,184	2.5%	(196)	(16.6%)
South America	1,076	2.3%	796	1.7%	280	35.2%
France	2,712	5.9%	2,384	5.0%	328	13.8%
Other foreign countries	3,369	7.3%	3,071	6.5%	298	9.7%
TOTAL	**46,074**	**100.0%**	**47,233**	**100.0%**	**(1,159)**	**(2.5%)**

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.
It should be noted that revenue from resales are included for almost the entire Italian geographic region. Net of these items, Italian revenue – which at 31 December 2016 made up 81.1% of total revenue, dropping from Euro 39,257 thousand to Euro 37,361 thousand – was equal to Euro 32,684 thousand compared to Euro 33,562 thousand in the same period of the previous year (-3%).

Total costs

The table below sets out a cost comparison at 31 December 2016, against the previous year:

Costs	31/12/2016	31/12/2015	Change	Change %
Raw materials, consumables and goods	4,346	5,900	(1,554)	(26.3%)
- of which software development costs	*(494)*	*(409)*	*(85)*	*20.8%*
Personnel costs	23,372	23,430	(58)	(0.2%)
- of which software development costs	*(2,787)*	*(2,496)*	*(291)*	*11.7%*
For services	13,925	11,759	2,166	18.4%
- of which software development costs	*(967)*	*(1,113)*	*146*	*(13.1%)*
- of which non-recurring	*634*	*265*	*369*	*>100.0%*
Other costs	2,738	4,219	(1,481)	(35.1%)
- of which non-recurring	*162*	*1,947*	*(1,785)*	*(91.7%)*
TOTAL	**44,381**	**45,308**	**(927)**	**(2.0%)**

The item Raw materials, consumables and goods includes the costs for the resale of third party hardware and software for Euro 4,500 thousand (Euro 5,643 thousand at 31 December 2015).

Personnel costs, the most significant liabilities item in the Income statement for Euro 23,372 thousand, includes costs for the development of capitalised software for Euro 2,787 thousand (Euro 2,496 thousand in 2015). The breakdown is given below:

Personnel costs	31/12/2016	31/12/2015	Change	Change %
Salaries and wages	19,290	19,195	95	0.5%
Social security contributions	5,622	5,645	(23)	(0.4%)
TFR provision	1,202	1,203	(1)	(0.1%)
Other costs	45	(117)	162	(138.5%)
Capitalised development costs	(2,787)	(2,496)	(291)	11.7%
TOTAL	**23,372**	**23,430**	**(58)**	**(0.2%)**

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 2016:

Staff	31/12/2016	31/12/2015	Change
TAS	364	353	11
TAS HELVETIA	11	12	(1)
TAS FRANCE	7	7	-
TAS AMERICAS	4	4	-
TAS IBERIA	15	16	(1)
TAS GERMANY	1	-	1
TAS USA	-	-	-
Number of employees	**402**	**392**	**10**

Operating result

The *Operating result for the* period was negative for Euro 2,470 thousand compared to the negative figure of Euro 7,258 thousand in the corresponding period the previous year.

In accordance with Consob communication DEM/6064293 of 28 July 2006, the non-recurring revenue and costs are shown below for Euro 194 thousand, which impacted on the results stated above:

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 proceedings of first instance.

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

For comparative purposes, please find attached the statement of non-recurring income and costs for the year 2015:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Costs of services"	(265)	Consulting
Total	**(265)**	
"Other costs"	(1,947)	Costs for early retirement
Total	**(1,947)**	
TOTAL NON-RECURRING INCOME/(COSTS)	**(2,212)**	

There were no non-recurring revenues in the year 2015.
Costs of services mainly included the first part of the costs for extraordinary legal and financial consulting provided by leading companies to assist with the drafting of the new business plan and the consequent pool financing renegotiation.
Other costs refer 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 2016, a loss of Euro 3,340 thousand was recorded, compared to the loss of Euro 8,705 thousand in 2015.
The loss per share for the period was 0.08 Euro, compared with the loss of 0.21 Euro at 31 December 2015.

Earnings per share	31/12/2016	31/12/2015
Share Capital	14,330,646	14,330,646
Profit/(loss) for the year	(3,339,508)	(8,705,234)
Ordinary shares	41,768,449	41,768,449
Weighted average of number of shares in circulation in financial year	**41,768,449**	**41,768,449**
EARNINGS PER SHARE	**(0.08)**	**(0.21)**

CONSOLIDATED BALANCE SHEET

TAS GROUP (in thousands of Euro)	31.12.2016	31.12.2015
Non-current assets	23,720	23,872
Net working capital	2,734	(44)
Non-current liabilities	(5,117)	(5,142)
Net Invested Capital	**21,336**	**18,686**
Net financial position in respect of banks	**(4,078)**	**18,166**
Total net equity	**25,414**	**520**
- of which profit for the period	*(3,340)*	*(8,705)*

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 2015):
    - 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 4,654 thousand for other intangible fixed assets refer mainly to internally developed software (Euro 5,225 thousand at 31 December 2015);
- Euro 1,157 thousand related to tangible fixed assets (Euro 933 thousand at 31 December 2015);
- Euro 68 thousand related almost exclusively to the shareholding in SIA S.p.A.; (Euro 118 thousand at 31 December 2015);
- Euro 429 thousand relating to deferred tax receivables and other receivables (Euro 184 thousand at 31 December 2015).

Net working capital (API)

Net working capital included:

- Euro 22,332 thousand relating to trade receivables and inventories (Euro 20,707 thousand at 31 December 2015);
- Euro 4,161 thousand relating to other receivables including trade accruals and deferrals receivable (Euro 5,186 thousand at 31 December 2015);
- Euro 9,324 thousand relating to trade payables (Euro 11,472 thousand at 31 December 2015);
- Euro 14,435 thousand relating to other payables including trade accruals and deferrals payable (Euro 14,464 thousand at 31 December 2015).

Non-current liabilities (API)

Non-current liabilities included:

- Euro 4,954 thousand related to the employee severance indemnity provision (Euro 4,716 thousand at 31 December 2015);
- Euro 163 thousand relating to provisions for risks and charges (Euro 426 thousand at 31 December 2015).

Net Equity

The Operation effected on 4 August 2016, resulting in the company's release from debt for Euro 20 million and the payment of a free future increase in share capital for Euro 10 million made it possible to overcome the significant situation, under art. 2446 of the Italian Civil Code, faced by the company at 31 December 2015. At 31 December 2016, consolidated net equity was equal to Euro 25,414 thousand compared to Euro 520 thousand at 31 December 2015.

Net Financial Position

The *Net financial position* as a result of the effects of the Operation went from a negative value of Euro 18,166 thousand at 31 December 2015 to a positive value of Euro 4,078 thousand at 31 December 2016, as detailed on the basis of the requirements of Consob Communication no. 15519 of 28 July 2006:

Consolidated Net Financial Position	***NOTES***	***31.12.2016***	***31.12.2015***
A. Cash and cash equivalents	**15**	(4)	(5)
B. Bank and postal deposits	**15**	(7,498)	(3,000)
C. Securities held for trading		(93)	(93)
D. Cash and cash equivalents (A) + (B) + (C)		**(7,595)**	**(3,098)**
E. Current financial receivables		**(32)**	**(31)**
F. Current bank payables		153	158
G. Short-term portion of medium to long-term bank borrowings		-	21,641
H. Current financing from Shareholders		-	-
I. Other current financial payables		7	8
of which in respect of related parties		-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**22**	**160**	**21,807**
K. Current net financial debt (D) + (E) + (J)		**(7,467)**	**18,678**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		4,038	-
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		15	43
P. Net non-current financial debt (L) + (M) + (N) + (O)	**19**	**4,053**	**43**
Q. Net financial debt CESR (K) + (P) (*)		**(3,414)**	**18,720**
R. Non-current financial receivables	**10**	**(663)**	**(554)**
S. Net financial debt(Q) + (R)		**(4,078)**	**18,166**

(*) 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

Note that at 31 December 2015, as provided for by IAS 1, following the non-compliance with the covenants of the pool finance agreement, the liability under the previous contract had been fully reclassified under Current financial liabilities.

Following the effectiveness of the Operation comprehensively described above, the residual debt of TAS to Creditor Banks was classified under non-current financial liabilities.

MACRO-ECONOMIC REFERENCE SCENARIO[3]

Global economic conditions improved slightly. However, the outlook remains uncertain in several ways; in the United States it depends on the new administration's economic policies, not yet defined in detail. The announcement of fiscal policy measures may give rise to an expansionary impulse, albeit currently difficult to quantify, whereas the adoption and dissemination of trade restriction measures may produce adverse effects. Global growth could be braked by the onset of turbulence in emerging economies as a result of the normalisation of US monetary policy.

In the euro area, growth continues at a moderate pace, although moving towards gradual consolidation. Concerns over deflation have abated; inflation rebounded in December, but the base level is now even lower. To maintain expansionary monetary conditions for ensuring increased inflation, the ECB Governing Council has extended the duration of the securities purchase programme at least until December 2017 or even beyond if necessary. Monthly purchases will return to 60 billion from April, as at the start the programme.

Available indicators suggest that the Italian economic recovery continued during the autumn, albeit moderately. Considering the upward trends in industrial output, electricity consumption and freight, together with the high levels of business confidence indicators, the fourth quarter of 2016 could see GDP increase at a pace estimated around 0.2 percent over the previous period.

Italian economic projections, updated according to the most recent trends, indicate that GDP should increase on average by 0.9 percent in 2016 (data adjusted for the number of working days); growth should be around 0.9 percent in the current year and 1.1 percent in 2018 and 2019. Economic activity would still be driven by domestic demand and, from 2017, by the gradual strengthening of foreign demand. GDP in 2019 would be still be down by about four percentage points from 2007.

THE ITALIAN DIGITAL MARKET IN 2016 AND 2017 FORECAST[4]

The positive signs on the digitisation of the country have further strengthened. In 2016, the Italian digital market (IT, telecommunications and content) rose by 1.8% to Euro 66,100 million. A half-point improvement beyond expectations has strengthened the trend begun in 2015 (+1%), reversing the downward pattern of previous years. If we factor out the telecommunications network services component, the comparison becomes even more encouraging with growth of 3.4%, compared to 3% last year. Looking then at 2017, projections suggest further improvement: around 2.3% (3.8% excluding network services) resulting from the forward push of innovation-related components.

Looking at the figures in more detail, in 2016, the digital market as a whole grew by 1.8% to Euro 66,100 million. This figure is higher than anticipated last September (+1.3%), and even higher growth of around 2.3% for 2017 will bring the amount close to Euro 67,700 million.

Even at a first-level breakdown, the figures indicate that growth in 2016 was driven a bit by all sectors, except, as mentioned, network services: ICT services for Euro 10,631.6 million (+2.5%),

[3] Source: Economic Bulletin no. 1 of 2017
[4] Source: Assinform

software and ICT solutions for Euro 6,258.8 million (+4.8%), devices and systems for Euro 17,229.6 million (+1.4%), digital content and digital advertising for Euro 9,622.2 million (+7.2%).

Within the individual areas, the various trends have once more confirmed the slowdown of more traditional segments and the dynamism of the digital transformation of production and service models.

The Devices market has however shown signs of holding up, thanks to infrastructural components and Smartphones (16.7 million units, + 8%), which are owned by 65% of Italians and have driven the recovery of mobile network services. The PC component has fallen 4.4% (the figure comprising -8.8% in desktops (1,231,000 units) and -2.4% in laptops (2,908,000 units), but has remained relatively stable in value as a result of the purchase of more powerful models. On the other hand, the sale of tablets continued to decline (-7.1% or 2,463,000 units).

The Software & ICT solutions sector, already two years into recovery and the most closely linked to innovation, both appeared even more lively with sales of Euro 6,258.8 million (+4.8%). Also here there are clear signs of transformation in progress. Application software has grown well (Euro 4,498.3 million euros, +6.5%) but is still trailing behind the most innovative components – platforms for web management, IoT, and so on. System software has slowed down (-0.3% at Euro 545.5 million) while the growth of middleware (Euro 1,215 million, +1.2%) has fallen off, not for lack of demand, but because more and more of it tends to be dealt with by Cloud and infrastructure Outsourcing.

Good performance also from ICT Services, second only to network services for total digital market share. The 2.5% growth of Euro 10,631.6 million, not only shows an acceleration over last year (+1.5%), but confirms a stark reversal after the declines of recent years, and reveals the extent of the new, more advanced expenditure trends. The segment is in fact driven by Data Center and Cloud Computing services (which together increased by 16.1% at Euro 2,264.7 million, the Cloud component increasing by 23%), largely offsetting the performance of Outsourcing Services (-1.3% at Euro 3,689.4 million), training (-1% at Euro 322 million) and technical support (-1% at Euro 718 million), which however improved compared with previous years. Significant in terms of the development of new ICT models is the return to growth of consulting services (+0.5 percent at Euro 785 million) and Application Development and Systems Integration (+0.1% at Euro 2,852.5 million). This in fact seems related to the advance of cloud and other digital enablers, as well as the modernisation of functional applications and infrastructure in line with the acceleration of new ICT usage models.

CORPORATE GOVERNANCE

The TAS Group adheres and complies with the new 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)

According to the Framework Agreement, there is an undertaking on the part 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 TAS. 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.

Regarding the pledge on 28,100,072 TAS shares owned by OWL, corresponding to 67.276% of the share capital, registered as guarantee for the restructuring agreement signed by the Creditor Banks with TAS on 27 June 2012 and confirmed by a deed of understanding signed on 4 August 2016 by the Creditor Banks (with the exception of Cassa di Risparmio in Bologna S.p.A.), note that – by virtue of the pledge extension waiver issued by the banks – following the TAS Free Share Capital Increase released on 6 March 2017, the pledge applies to 30,073,284 TAS shares (equal to 36% of the shares).

a) Significant investments in the share capital (*as per art. 123-bis, para. 1, letter c) 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 share capital of TAS 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	87.557	87.557
		Total	87.557	87.557
	Total		**87.557**	**87.557**

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 bylaws 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 (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, para. 1, letter g) CFA)

The execution of the Operation annulled the effects of the shareholder commitments provided by the shareholder agreement relating to the Operation, entered into by Rosso, Verde, OWL, Alex and GUM on 30 December 2015 and subsequently amended on 23 March 2016, concerning (i) an exclusive obligation assumed by OWL, Rosso and Verde towards Alex and GUM in connection with the Operation (ii) the commitment of Alex and GUM not to perform, directly or indirectly, or assume any obligation to carry out, any purchase transaction concerning financial instruments issued by TAS or related to underlying financial instruments issued by TAS, and (iii) the commitment of Alex and GUM to cause the resignation of Mr. Dario Pardi (the person who following the extraordinary transaction exercises indirect sole control over TAS) from the office of Chairman and Director of the Board of Directors of TAS in the event of non-completion of said extraordinary transaction.

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 16 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 clauses and statutory provisions concerning takeover bids (as per art. 123-bis, paragraph 1, letter h), CFA and Articles 104, paragraph 1-ter, and 104-bis, paragraph 1)

Under the terms of the TAS-Banks agreement and the agreements concluded as part of the Operation, 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 bylaws do not provide for exceptions to the *passivity rule* under art. 104, paragraphs 1 and 1-bis, of the CFA and do not provide for the application of the neutralisation rules under art. 104-*bis*, paragraphs 2 and 3, of the CFA.

i) Delegations of power to increase share capital and authorisations to buy treasury shares (as per art. 123-bis, para. 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 activity (as per art. 2497 and thereafter of the Italian Civil Code)

The Company is controlled by OWL, which owns a 87.557% stake of the share capital and also performs management and coordination activities pursuant to art. 2497 of the Italian Civil Code.

The Company directly controls six foreign companies (TAS France S.a.s.u., TAS Helvetia s.a., TAS Iberia s.l.u., TAS Germany GmbH, TAS USA Inc. and TAS Americas Ltda) forming the TAS GROUP; the Company holds 100% of the share capital in each of these companies, with the exception of TAS Americas, in which it holds 99% and has the right to appoint all of the members of the board of directors and the supervisory bodies, where they exist.

Other information

Note also that:

- the information required by art. 123-bis, paragraph 1, letter i) ("*agreements between the company and Directors…. that provide for indemnities in the event of resignation or dismissal without just cause, or if the employment relationship ceases following a takeover bid*") can be found in the Remuneration Report published pursuant to art. 123-ter of the CFA;

- the information required by art. 123-bis, first paragraph, letter l) (*"the rules governing the appointment and replacement of directors... as well as the amendment of the bylaws, if different from alternatively applicable laws and regulations"*) are shown in the section of the Corporate Governance Report on the Board of Directors (Sect.

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
- Executive director in charge of the internal control and risk management system
- Control and Risk Management Committee
- Committee for transactions with related parties
- 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 Risk 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, reliability 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 16 March 2017, the Control and Risk Management 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 risk management and internal control system in relation to the financial disclosure process - *Application criterion 7.C.1., letter d) and under art. 123 bis, paragraph 2 letter b) of the CFA*

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.

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

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 2016 (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 Function submitted to the Board of Directors at its 16 March 2017 meeting the controls and checks carried out on administrative and accounting processes implemented pursuant to Italian Legislative Decree 262/05.

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 Chief Financial Officer 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 bylaws, the entire Board of Directors, made up of no less than five and no more than 11 members, is elected by the Shareholders' Meeting on the basis of lists that are filed at the registered offices 25 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.

Entitlement to submit lists is held only by shareholders who, alone or together with other shareholders, represent the percentage established by Consob pursuant to article 144-quarter of the Issuers' Regulations and published in accordance with art. 144-septies of the Consob Issuers' Regulations, or failing that, at least 2.5%. With resolution no. 19856 of 25 January 2017, Consob determined 2.5% as the shareholding percentage required for the submission of candidate lists for the election of the management and control bodies of TAS.

The bylaws do not transpose the provision, pursuant to art. 147-*ter*, paragraph one of the CFA, stating that for the purposes of selecting the Directors to be elected, the bylaws disregard the lists that have not obtained a percentage of votes equal to at least half of that required by the Articles for their submission.

Executive director in charge of the control and risk management system

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

The Executive 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 has submitted them periodically to the Board; he has 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; he has adapted the system to changes in operating conditions and legislative and regulatory framework; he has proposed the appointment of the Internal Audit Manager, with the position now being outsourced; it was not deemed necessary during the financial period to ask the Internal Audit function to conduct any audits on specific operating areas or on compliance with internal rules and procedures in executing business operations; he has always reported promptly to the Control and Risk Committee and to the Board of Directors regarding any critical issues and problems emerging in the course of his activity or coming to his attention so as 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: Carlotta de Franceschi (Chairwoman), Roberta Viglione and Giancarlo Maria Albini.

Carlotta de Franceschi, co-opted as Director by the Board of Directors on 27 October 2016, replaced on 26 January 2017 resigning Director Luca Di Giacomo, former Chairman of the Committee, who gave notice on 14 December 2016.

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 Chairman.

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 the year, the Control and Risks Committee met 5 (five) times, with an average meeting duration of about 55 minutes. As regards the financial year 2017, at the date of approval of these financial statements, 1 (one) meeting had been held.

At the invitation of the Committee or its Chairman, the Control and Risks Committee meetings held during the financial year were attended by CEO Valentino Bravi, CFO Paolo Colavecchio and Director of Legal and Corporate Affairs Christiana 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.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee formed by the Board of Directors currently consists of three independent directors: Enrico Pazzali (Chairman), Andrèe Bazile Susan and Carlotta De Franceschi.

The current Chairman Enrico Pazzali, co-opted by the Board of Directors as board member on 8 January 2016, on the same date replaced resigning board member Giorgio Papa, former Chairman of the Remuneration and Appointments Committee.

Carlotta de Franceschi, co-opted by the Board of Directors on 27 October 2016, replaced on the same date resigning Director Giovanni Damiani, former member of the Committee.

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 Chairman. 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.

During the year, the Remuneration and Appointments Committee met 3 (three) times, with an average meeting duration of about 35 minutes. As regards the financial year 2017, at the date of approval of this report, 2 (two) meeting had been held.

At the invitation of the Committee itself, the meetings held during the financial year were attended by CEO Valentino Bravi, CFO Paolo Colavecchio and Director of Legal and Corporate Affairs Christiana 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.

Committee for Transactions with related parties

In order to implement the recommendations contained in the Consob Regulation on transactions with related parties and based on the opinion of the independent Directors, on 25 November 2010, the Board of Directors approved the procedure governing the execution of transactions with related parties. Pursuant to the applicable Consob Regulation on transactions with related parties, this procedures is available on the Company's website at **www.tasgroup.it**.

In accordance with the above Consob regulation, following the complete reappointment of the governing body by the Shareholders' Meeting of 29 April 2015, the Board of Directors on 4 May 2015 appointed the Committee for Transactions with Related Parties, made up of three independent directors: Roberta Viglione as Coordinator, Giancarlo Maria Albini and Giorgio Papa.

Following the resignation of Mr Papa, Enrico Pazzali was appointed by co-option and thereafter integrated the composition of Committee for Transactions with Related Parties with effect from 8 January 2016.

The Committee is responsible for:

- prior to the adoption, evaluating this 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 this 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 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 the financial year 8 (eight) meetings were held by the Committee.

On 17 December 2014, the Board of Directors assessed the adequacy or, alternatively, necessity for review of the current Procedure for Transactions with Related Parties approved on 25/11/2010, with special reference to paragraph 6.1 of Consob Communication no. DEM/10078683 dated 24 September 2010. Based on the opinion of the independent directors comprising the Committee for Transactions with Related Parties, the Procedure for Transactions with Related Parties was considered to still be adequate and appropriate and was confirmed in its current version.

Person in charge of Internal Audit function

Based on the proposal of the Executive 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 bylaws, 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 new 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.
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 at least twice a month and reports regularly to the Board of Directors, also through the Audit and Risk Management 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 program of staff training, ended in the first quarter of 2010 and followed by further updates in subsequent years and once again during the current period, aimed at specific areas potentially relevant to the risks associated with crimes covered by the Decree.

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.
During the financial year, and up until the approval of the Report, no infringements of the Organisational Model or notices of critical areas have been received by the Supervisory Body.

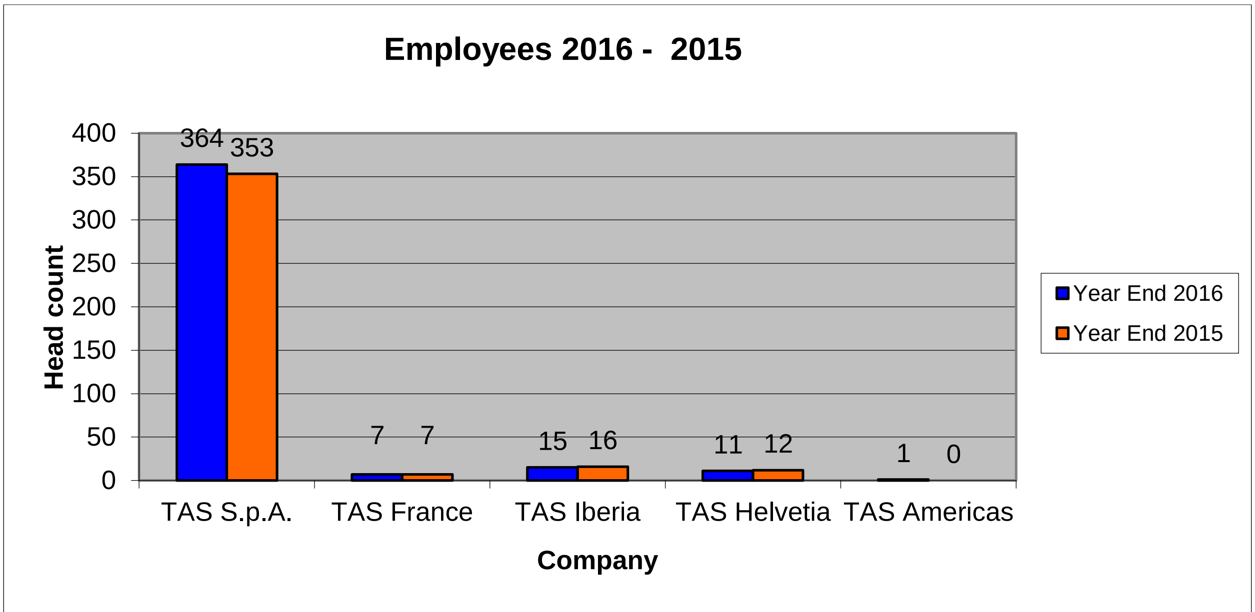
Board of Statutory Auditors

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 bylaws 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 bylaws 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 attention 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, and evaluating training activities.
There is also particular attention and focus on collaborations 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.

The table below presents a comparison between staff at the end of 2016 and 2015.



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 2016, the Group therefore confirmed its commitment in this area, with an increase compared to the previous financial year.

Investments in fixed assets	31/12/2016	31/12/2015	Change
Software development	4,291	4,018	273
Other intangible fixed assets	505	62	443
Electronic office equipment and hardware	584	235	349
Other tangible fixed assets	217	106	111
TOTAL	**5,597**	**4,421**	**1,176**

The item *Software development* for Euro 4,291 thousand relates to capitalised internal costs for the development of new computer applications.

Investments during the period were made in different areas and in particular:

- 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 designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of triparty collateral management;
- in the **Electronic money** area: the continued forward development of the CashLess 3.0 platform, card issue and management solutions on Open technology; on the Card Issue side implementation goes ahead for the interview specifications of the Chinese network UnionPay International (UPI), 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. During the year new investment was injected into *Branch Transformation,* with the June launch of **EasyBranch**, an application with a suite of scalable and flexible solutions for the ATM channel, intended to accelerate banks' capacity during the process of transformation of its branches. Of these, **EasySelf solution**, comprising SW and HW, was one of **the three finalists for the Sesame Awards** at Trustech, the annual international awards event for the most innovative solutions in the payments industry.
- In the **Payment systems** area: the course of the year TAS became **market leader in the area of Check Image Truncation**, gaining a central role in projects for migration **to the new system project protocols using the TAS Network Gateway solution.**
- 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 issued by AgID in support of the PagoPA project for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. The analysis and development of corporate banking is also under way.

Other investments relate mainly to electronic office equipment and hardware of the Parent Company.

SIGNIFICANT FACTS

In addition to what has been referred to regarding the Operation, the activities and noteworthy events for the financial period included:

- on 5 April 2016, a jury of industry experts placed the TAS Group among the 20 companies with the greatest potential, selected from a shortlisted panel of 50.
  The TAS Group's placement in the top 20 was based on the evaluation of TAS's expertise in the design and implementation of software solutions in the fields of *e-money*, payment systems, capital markets and corporate solutions.

- on 31 May 2016, the Shareholders' Meeting appointed two members of the Board of Directors who will hold office for the same term as the remaining members, and therefore until the approval of the financial statements at 31/12/2017. Following the resignation of Giorgio Papa, replaced by co-option on 8 January 2016 by Enrico Pazzali, and the resignation on 9 March 2016 of Riccardo Pavoncelli, the Shareholders' Meeting confirmed Enrico Pazzali, independent director, and appointed Paolo Colavecchio, who had already served as Chief Financial Officer of the Company. Enrico Pazzali, independent non-Executive Director, is currently also Chairman of the Remuneration and Appointments Committee and member of the Committee for Transactions with Related Parties.

- on 11 July 2016, the judgement of first instance was issued for a case pending between the Company and a supplier, concerning supplies disputed by the Company for a total of Euro 1,107 thousand. The Court granted the requests of TAS, ordering the other party to cover its legal fees equal to Euro 35 thousand plus VAT and accessories. The supplier has served the Company notice of appeal against the judgement of first instance. However, following a settlement concluded between the Parties on 22 December 2016, the appeal procedure will be abandoned and the case dismissed.

- On 18 July 2016 the board member Giovanni Damiani, as a result of his resignation, ceased to hold the office of board member and, consequently, that of member of the Remuneration and Appointments Committee.

- On 11 September 2016, TAS Group was included among the top **100** firms of the **IDC *Financial Insights FinTech* 2016** ranking, 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 measure of 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 come to be an essential reference for financial institutions during the strategic planning of investments in third-party solutions.

- on 29 September 2016, the first possible meeting subsequent to the execution of the extraordinary transaction referred to in the press release of 4 August 2016, the role of *Lead Independent Director* was entrusted to independent administrator Giancarlo Maria Albini, pursuant to the Corporate Governance Code for listed companies. The *Lead Independent Director* is a point of reference and a coordinator for the requests and contributions of non-executive directors, particularly independent directors, and works with the Chairman of the Board of Directors to ensure the complete and timely flow of information to the management body.

- On 12 October 2016, the shareholders' meeting of TASNCH Holding S.p.A. changed its name to OWL S.p.A.. The company, indirectly controlled by Dario Pardi, Valentino Bravi and some significant Italian investors, has an 87.55% stake in the share capital of TAS S.p.A.. The individual companies of the TAS Group, such as TAS S.p.A. and its foreign subsidiaries, will retain their name, but the identity of their owner will be made explicit in the new logo depicting "an owl company".

- On 27 October 2016, the Board of Directors of TAS appointed Carlotta de Franceschi by co-option as new Board member, replacing Giovanni Damiani. Also on 27 October 2016, the Board appointed independent non-executive director Carlotta de Franceschi as a member of the Remuneration and Appointments Committee.

- On 14 December 2016, Mr. Di Giacomo, a Board member for the last nine years, resigned as a result of the loss of the requirement of independence pursuant to the provisions of application criterion 3.C.1. letter e) of the Corporate Governance Code for listed companies.

INFORMATION FOR INVESTORS

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

On 30 December 2016, the last trading day of the year, TAS securities reached a closing price of Euro 1.386 and its market capitalisation amounted to 58 million. In the last twelve months, the value of TAS securities rose 241.97%, going from Euro 0.4053 to Euro 1.386. At the date of the Operation, 4 August 2016, the share price was Euro 0.50.

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.

<u>Exposure to various types of risk</u>

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 2016, 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)

Interest rate risk is defined as the risk of changes to a financial instrument's value as a result of fluctuations in market interest rates.
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.

(iii) Credit risk

Credit risk is defined as the probable financial loss arising from a third party's default on its payment obligation towards the Group.
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.
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 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. This risk is currently

fully mitigated with the execution of the agreements implementing the Operation, as detailed in the introduction to this Report.

At 31 December 2016, the reserve of liquid assets was as follows:

Bank credit lines	***Loans 31.12.2016***	***Utilisation 31.12.2016***	***Availability of credit 31.12.2016***	***Availability of credit 31.12.2015***
Cash credit line	160	(145)	15	120
Financing Lines (POOL)	5,000	(5,000)	-	-
Other Financing Lines	61	(21)	40	2
Total Bank Credit Lines	**5,221**	**(5,166)**	**55**	**121**
Factoring Lines	2,210	(646)	1,564	-
Total Factoring Credit Lines	**2,210**	**(646)**	**1,564**	**-**
Total Banking/Factoring Credit Lines	**7,431**	**(5,812)**	**1,619**	**121**
Cash and cash equivalents			7,502	3,005
Total	**7,431**	**(5,812)**	**9,121**	**3,127**

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 4,038 thousand. In December 2016 the Company signed a contract for a non-recourse factoring line worth Euro 2.2 million.
The Group’s liquidity reserve of € 9.1 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 weak signs of a recovery at global level, but economic prospects remain uncertain.
If this weak position should continue or worsen further, it could have a negative impact on the Group’s economic, asset and financial position.

(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 is strongly characterised by the extremely high technical and functional skills of its staff. The future success of its business therefore depends largely 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 negative, a result of the improvement in capital structure and financial position of the Group following the execution of the Operation:

	31.12.2016	31.12.2015
Financial assets/liabilities	3,424	21,171
Less: cash and cash equivalents	(7,502)	(3,005)
Net debt (A)	(4,078)	18,166
Net Equity (B)	25,408	520
Total Capital [(A) + (B)] = (C)	21,330	18,686
gearing ratio (A)/(C)	**(19%)**	**97%**

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.

In order to implement the recommendations contained in Consob Regulation no. 17221 of 12 March 2010 (the "**Regulation**"), and based on the opinion of the independent Directors, the Board of Directors of TAS, on 25 November 2010, approved the procedure governing the execution of transactions with related parties (the "**Procedure**"). The procedure, pursuant to Consob regulations in force, is published on the Company's website at **www.tasgroup.it**.

Furthermore, in accordance with the above Consob Regulation, the Board of Directors has appointed the Committee for Transactions with Related Parties.

The Committee comprises three independent directors: Roberta Viglione as coordinator, Giancarlo Albini and Enrico Pazzali.

Information on related-party transactions, including the information required by Consob Communication of 28 July 2006, is presented in Note 41 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.

SUBSEQUENT EVENTS AND EXPECTED BUSINESS OUTLOOK

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

- 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 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, which took place on 6 March 2017, 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.

- 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 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.

Following the Operation, the Board of Directors will submit its resignation at the shareholders' meeting of 26 April 2017 and if necessary on 28 April 2017 on second call, in order to allow for the appointment of new members of the management body.

As noted above, of the nine members of the Board of Directors appointed by the TAS shareholders' meeting, two resigned in July and December 2016 respectively, and one of them has in the meantime been replaced by co-option. In addition, on 16 March 2017, Board members Dario Pardi, Valentino Bravi, Paolo Colavecchio, Roberta Viglione, Andrèe Bazile Suzan, Giancarlo Albini, Enrico Pazzali and Carlotta De Franceschi resigned from their positions with effect from the next shareholders' meeting, in order to allow the new shareholders to appoint a wholly new Board of Directors, confirming and renewing the relationship of trust with same also at the outcome of the extraordinary transaction. In view of these circumstances, the Board of Directors will terminate on the occasion of the shareholders' meeting and shareholders will be called on to proceed to its complete renewal. All resigning Board members declared themselves available for a new mandate.

The Company Management is strongly committed to the implementation of the 2016–2020 business and financial plan and will focus on its key points: Digital Software Factory, development of foreign markets through the creation of strategic and targeted partnerships; the release of new products developed with new technologies and new ways of providing value added services, in order to stay at the forefront in FINTECH – the target market of the group.

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 the 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	**Chairman**	**TAS S.p.A.**	**0**	36,571,108*	**0**	36,571,108*
Valentino Bravi	**Chief Executive Officer**	**TAS S.p.A.**	**0**	36,571,108*	**0**	36,571,108*

* Shares held through the indirect participation in OWL as a result of the recapitalisation operation of 4 August 2016 as per 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	0	0	19,831
1	TASAMERICAS Ltd	0	10,088.36*	0	10,088.36

*: 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 2016, 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 2016 and the comparison for the same period last year:

TAS (in thousands of Euro)	31.12.2016	31.12.2015	Change	% change
Total Revenue	**43,869**	**43,480**	**388**	**0.9%**
- of which typical	*41,744*	*43,078*	*(1,334)*	*(3.1%)*
- of which non-typical	*2,125*	*402*	*1,722*	*>100.0%*
Gross operating margin (EBITDA) (*)	**3,446**	**2,421**	**1,026**	**42.4%**
% of total revenue	*7.9%*	*5.6%*	*2.3%*	*41.1%*
Operating result	**(2,149)**	**(5,178)**	**3,030**	**(58.5%)**
% of total revenue	*(4.9%)*	*(11.9%)*	*7.0%*	*(58.9%)*
Net profit/(loss) for the period	**(3,188)**	**(6,489)**	**3,301**	**(50.9%)**
% of total revenue	(7%)	*(14.9%)*	*7.7%*	*(51.3%)*
Net Financial Position (*)	**3,060**	**(19,149)**	**22,209**	**>(100.0%)**
- of which in respect of banks and other lenders	*3,060*	*(19,149)*	*22,209*	*>(100.0%)*

(*) API whose description is found in the tables that describe trends in the consolidated financial statements

At 31 December 2016 TAS recorded *Total revenue* equal to Euro 43.9 million, compared to Euro 43.5 million the previous year. Less the revenue from the resale of hardware and software to one of the Group's principal customers (Euro 4.7 million at 31 December 2016 compared to Euro 5.7 million the previous period), revenue grew by 3.7%, going from Euro 37.8 million to Euro 39.2 million.
The *Ebitda* of the period, which includes non-recurring income and costs for a total amount of EUR 0.3 million, stood at 3.4 million, an increase compared to Euro 2.4 million at 31 December 2015, which in turn included Euro 2.1 million of non-recurring costs. This impacted for 9.4% on Total revenue.
The *Operating result* for the period, influenced by depreciation, amortisations and write-downs for a total of Euro 5.6 million, was negative for Euro 2.1 million compared with a negative value of Euro 5.2 million in 2015. It should be noted that the figure for 2015 includes the effects of the *impairment test* for Euro 1.6 million.
The *Net profit for the period* showed a loss of Euro 3.1 million, compared to the loss of Euro 6.5 million in the previous period.
With the execution of the Operation, the *Net financial position* increased from a negative value of Euro 19.1 million at 31 December 2015 to a positive value of Euro 3.1 million at December 31, 2016.

As shown in the above results, there was non-recurring income and costs totalling Euro 292 thousand, broken down as follows:

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 proceedings of first instance.

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

For comparative purposes, please find attached the statement of non-recurring income and costs for the year 2015:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Costs of services"	(265)	Consulting
Total	**(265)**	
"Other costs"	(1,813)	Costs for early retirement
Total	**(1,813)**	
TOTAL NON-RECURRING INCOME/(COSTS)	**(2,078)**	

There were no non-recurring revenues in the year 2015.
Costs of services mainly included the first part of the costs for extraordinary legal and financial consulting provided by leading companies to assist with the drafting of the new business plan and the consequent pool financing renegotiation.
Other costs refer 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)	**31.12.2016**	**31.12.2015**
Non-current assets	31,224	31,474
Net working capital	2,653	(289)
Non-current liabilities	(4,210)	(4,451)
Net Invested Capital	**29,666**	**26,734**
Net financial position in respect of banks	**(3,060)**	**19,149**
Total net equity	**32,726**	**7,585**
- of which profit for the period	*(3,188)*	*(6,489)*

NON-CURRENT ASSETS

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

- Euro 15,393 thousand relating to *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 4,474 thousand for other intangible fixed assets refer mainly to internally developed software (Euro 5,076 thousand at 31 December 2015);
- Euro 754 thousand related to tangible fixed assets (Euro 548 thousand at 31 December 2015);
- Euro 10,480 thousand relating to the controlling interests of the Group (Euro 10,324 thousand at 31 December 2015);
- Euro 67 thousand relating to the shareholding in SIA S.p.A. (Euro 67 thousand at 31 December 2015);
- Euro 57 thousand relating to other receivables (Euro 65 thousand at 31 December 2015).

NET WORKING CAPITAL

Net working capital (API) included:

- Euro 21,806 thousand relating to trade receivables and inventories (Euro 20,095 thousand at 31 December 2015);
- Euro 3,884 thousand relating to other receivables including trade accruals and deferrals receivable (Euro 4,977 thousand at 31 December 2015);
- Euro 9,348 thousand relating to trade payables (Euro 11,602 thousand at 31 December 2015);
- Euro 13,689 thousand relating to other payables including trade accruals and deferrals payable (Euro 13,758 thousand at 31 December 2015).

NON-CURRENT LIABILITIES

Non-current liabilities (API) included:

- Euro 4,070 thousand related to the employee severance indemnity provision (Euro 4,025 thousand at 31 December 2015);
- Euro 140 thousand relating to provisions for risks and charges (Euro 426 thousand at 31 December 2015).

NET EQUITY

The Operation effected on 4 August 2016, resulting in the company's release from debt for Euro 20 million and the payment of a free future increase in share capital for Euro 10 million made it possible to overcome the significant situation, under art. 2446 of the Italian Civil Code, faced by the company at 31 December 2015. At 31 December 2016, net equity was equal to Euro 32,726 thousand compared to Euro 7,585 thousand at 31 December 2015.

NET FINANCIAL POSITION

The *Net financial position* with the effects of the Operation went from a negative value of Euro 19,149 thousand at 31 December 2015 to a positive value of Euro 3,060 thousand at 31 December 2016, as detailed on the basis of the requirements of Consob Communication no. 15519 of 28 July 2006:

Statutory Net Financial Position	***31.12.2016***	***31.12.2015***
A. Cash and cash equivalents	(2)	(2)
B. Bank and postal deposits	(6,583)	(2,078)
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**(6,585)**	**(2,080)**
E. Current financial receivables	**(21)**	**(21)**
of which in respect of related parties	-	-
F. Current bank payables	7	12
G. Current portion of medium to long-term bank borrowings	-	21,641
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	26
of which in respect of related parties	-	*26*
J. Payables and other current financial liabilities (F) + (G) + (H) + (I)	**8**	**21,678**
K. Current net financial debt (D) + (E) + (J)	**(6,598)**	**19,577**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	4,038	-
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	-	-
P. Net non-current financial debt (L) + (M) + (N) + (O)	**4,038**	**-**
Q. Net financial debt CESR (K) + (P) (*)	**(2,560)**	**19,577**
R. Non-current financial receivables	**(500)**	**(428)**
S. Net financial debt(Q) + (R)	**(3,060)**	**19,149**

(*) 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

Note that at 31 December 2015, as provided for by IAS 1, following the non-compliance with the covenants of the pool finance agreement, the liability under the previous contract had been fully reclassified under Current financial liabilities.

Following the effectiveness of the Operation comprehensively described above, the residual debt of TAS to Creditor Banks was classified under non-current financial liabilities.

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 2016		31 December 2015	
(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	**32,726**	**(3,188)**	**7,585**	**(6,489)**
Elimination of the book value of consolidated equity investments				
- difference between book value and pro-quota value of equity	(8,775)	79	(7,514)	1,604
b) pro-rata profit of subsidiaries	(4)	(4)	(982)	(878)
c) carrying value and capital gains/losses attributed at the date of acquisition of subsidiaries	2,020	-	2,020	(3,144)
Elimination of the effects of transactions between consolidated companies	(615)	(226)	(584)	(86)
Effect of changes in exchange rates of foreign currencies	485	-	425	262
Other changes	(429)	(1)	(430)	26
Net Equity and profit/(loss) for the year attributable to the Group	**25,408**	**(3,340)**	**520**	**(8,705)**
Net Equity and profit for the year attributable to third parties	6	-	29	(35)
Consolidated net equity and profit	**25,414**	**(3,340)**	**549**	**(8,740)**

OTHER INFORMATION

Management systems

The Company has adopted and maintains the following management systems:

(i) Quality Management System, compliant with UNI EN ISO 9001:2008 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 2016, 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 Museo no. 1 – Italy
- Bologna, Via della Cooperazione no. 21 – Italy
- Siena, Via Girolamo Gigli no. 2 – Italy
- Parma, Via Colorno no. 63/A – Italy
- Genoa, Via De Marini no. 1 – Italy (following the effective purchase on 1 March 2017 of the business unit called "Digital Software Factory" from Content Interface)

PROPOSAL FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AND ALLOCATION OF THE PROFIT/(LOSS) FOR THE 2016 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 2016.
Considering that the Financial Statements of TAS S.p.A. reported a net loss for the period of 3,188,354 Euro, the Board of Directors proposes carrying this loss forward.

For the Board of Directors
Chief Executive Officer
VALENTINO BRAVI

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

FINANCIAL STATEMENTS

Consolidated Balance Sheet	***Notes***	***31.12.2016***	***31.12.2015***
Intangible fixed assets	**10**	22,066	22,638
- Goodwill		*17,412*	*17,412*
- Other intangible fixed assets		*4,654*	*5,225*
Tangible fixed assets	**11**	1,157	933
Investments and other securities	**12**	68	118
Financial fixed asset receivables	**13**	663	554
Deferred tax receivables	**14**	372	118
Other receivables	**15**	57	65
Total non-current assets		**24,383**	**24,426**
Net inventories	**16**	3,144	2,593
Trade receivables	**17**	22,848	22,747
(of which trade accruals and deferrals)		*3,660*	*4,633*
Other receivables	**18**	333	369
Receivables for current taxes on income	**19**	169	184
Equity investments and other current securities	**20**	93	93
Financial receivables	**21**	32	31
Cash and cash equivalents	**22**	7,502	3,005
Total current assets		**34,120**	**29,022**
TOTAL ASSETS		**58,503**	**53,448**
Share capital		14,331	14,331
Other reserves		28,869	639
Profit/(loss) of previous years		(14,452)	(5,745)
Profit (loss) for the period		(3,340)	(8,705)
Group net equity		**25,408**	**520**
Capital and reserves attributable to third parties		6	-
Profit/(loss) attributable to third parties		0	-
Net equity attributable to third parties		**6**	**-**
Consolidated net equity	**23**	**25,414**	**520**
Employee severance indemnity provision	**24**	4,954	4,716
Provisions for risks and charges	**25**	163	426
Financial payables	**26**	4,053	43
Total non-current liabilities		**9,170**	**5,185**
Trade payables	**27**	16,537	18,714
(of which trade accruals and deferrals)		*7,213*	*7,243*
(of which in respect of related companies)		*153*	*148*
Other payables	**28**	7,219	7,206
(of which in respect of related companies)		-	-
Current income tax payables	**29**	3	16
Financial payables	**30**	160	21,807
(of which financial accruals and deferrals)		-	*5*
Total current liabilities		**23,919**	**47,743**
TOTAL LIABILITIES AND NET EQUITY		**58,503**	**53,448**

Consolidated Income Statement	***Notes***	***31.12.2016***	***31.12.2015***
Revenue		45,493	46,899
Work in progress		581	334
Other revenue		1,892	366
(of which non-recurring)		*990*	-
Total revenue	**32**	**47,966**	**47,599**
Raw material consumables		(4,346)	(5,900)
Personnel costs		(23,372)	(23,430)
Costs of services		(13,925)	(11,759)
(of which non-recurring)		*(634)*	*(265)*
(of which in respect of related companies)		*(386)*	*(261)*
Other costs		(2,738)	(4,219)
(of which non-recurring)		*(162)*	*(1,947)*
(of which in respect of related companies)		-	*(1)*
Total costs	**33**	**(44,381)**	**(45,308)**
Depreciation and amortisation	**34**	(5,937)	(6,186)
Write-downs	**34**	(117)	(3,363)
Operating result		**(2,470)**	**(7,258)**
Financial revenue		45	13
Financial charges		(1,050)	(1,399)
Results of financial management	**35**	**(1,004)**	**(1,386)**
Net profit/(loss) on investments valued using the net equity method		**-**	**20**
Profit/(loss) before tax		**(3,475)**	**(8,623)**
Taxes	**36**	135	(82)
Profit/(loss) from continuing operations		**(3,339)**	**(8,705)**
Profit/(loss) from non-continuing operations		-	-
Profit/(loss) for the year		**(3,339)**	**(8,705)**
Net profit/(loss) attributable to third parties		1	-
Net profit/(loss) attributable to the Group		**(3,340)**	**(8,705)**
Earnings per share	**37**		
- base		**(0.08)**	**(0.21)**
- diluted		**(0.08)**	**(0.21)**

Comprehensive Consolidated Income Statement	***Notes***	***31.12.2016***	***31.12.2015***
Net profit/(loss) for the year (A)		**(3,339)**	**(8,705)**
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		(272)	505
Tax effect		(39)	(49)
Total Other profit/(loss), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss) (B1)	**38**	**(311)**	**456**
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		57	115
Profit/(loss) deriving from the adjustment of the goodwill of foreign companies		-	375
Tax effect		-	-
Total Other profit/(loss), net of tax effect that will subsequently be reclassified in the financial year profit/(loss) (B2)	**38**	**57**	**490**
Total Other profit/(loss), net of tax effect (B1 + B2=B)		**(255)**	**946**
Total Profit/(loss) (A) + (B)		**(3,594)**	**(7,759)**
Total Profit/(loss) attributable to:			
Shareholders of parent company		**(3,595)**	**(7,759)**
Third-party interests		**1**	**-**

Consolidated Cash Flow Statement	Notes	31/12/2016	31/12/2015
Profit/(loss) for the year		(3,339)	(8,705)
Amortisations and depreciations	**34**	6,055	9,550
Change to employee severance provision	**24**	(167)	(1,072)
Change in provisions for risks and charges	**25**	(263)	19
Payment of income taxes		(83)	(72)
Other non-monetary changes		240	1,512
Decrease/(increase) in inventories and other current assets		(977)	3,665
Increase/(decrease) in accounts payable and other liabilities		(1,123)	(3,153)
Cash flow from operating activities		**342**	**1,743**
Purchase 10% of TASAMERICAS		-	(24)
Change in intangible fixed assets	**10**	(4,796)	(4,141)
Change in tangible fixed assets	**11**	(793)	(342)
Change in financial fixed assets	**12**	-	(21)
Cash flow from investments		**(5,590)**	**(4,528)**
Change to financial fixed asset receivables	**13**	(109)	4
Change to other financial payables	**26/30**	(34)	51
Paid financial charges		(114)	(5)
Payment to a future share capital increase	**23**	10,000	-
Transfer 1% of TASAMERICAS		2	-
Cash flow from financing		**9,745**	**50**
Change in cash and cash equivalents		**4,497**	**(2,735)**
Cash and cash equivalents - initial balance		**3,005**	**5,740**
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	**22**	**7,502**	**3,005**

Statement of changes in Consolidated Net Equity

€ thousand	*Share capital*	*Res. Premium*	*Conv. res.*	*Legal res.*	*Res. Extr.*	*Res. IAS 19*	*Fut. inc. cap.res*	*Cap. contr. res.*	*Fair value reserve*	*Loss cov. res.*	*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 2014	**21,920**	**13,666**	**1,096**	**228**	**6**	**(1,384)**	**-**	**50,688**	**-**	**17,799**	**(89,487)**	**(6,253)**	**8,280**	**31**	**(43)**	**(12)**	**8,268**
allocation of 2014 profit											(6,253)	6,253	-	(43)	43	-	-
reduction in share capital	(7,589)	(13,666)		(228)	(25)			(50,688)		(17,799)	89,995		-				-
profit from comprehensive profit and loss account			490			456						(8,705)	(7,759)		-	-	(7,759)
change in consolidation scope													-	12		12	12
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 pmnts. 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	-	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**	**-**	**6**	**25,414**

EXPLANATORY NOTES

INTRODUCTION

TAS 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 87.557% by OWL S.p.A. (formerly TASNCH Holding), a subsidiary held indirectly by Dario Pardi, also Chairman of the Board of Directors of TAS S.p.A. 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 2016 include TAS S.p.A. and its subsidiaries (hereafter referred to as the “Group”).

These Financial Statements were prepared by the Board of Directors on 16 March 2017, for approval by the Shareholders’ Meeting called for 26 April 2017 at the first call, and 28 April 2017 at the second call.

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

According to the Consob requirements, pursuant to art. 114 of Italian Legislative Decree 58/98, the following information is provided regarding the:

a) 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;
b) approval and progress status on Group’s debt restructuring plan;
c) approval and/or status of implementation of the Group’s business plan, highlighting possible disparities between actual and forecast figures.

a) 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[5]	Net Equity
31.12.2016	2,687.00	16,910.00
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

[5] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined in Note 1 on page 13 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.

According to the Restructuring Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2016, the financial parameters had been complied with.

b)
As already disclosed in press releases and particularly those of 29 April 2016, 17 May 2016, 29 July 2016 and 4 August 2016, to which we refer you for further details, and also as a result of the Consob decision of 29 July 2016, which confirmed exemption from the takeover obligations in connection with the indirect acquisition of the representative shareholding of 87,55% of TAS share capital, provided for and regulated by the contractual arrangements relating to the Operation, on 4 August 2016 the following were executed:

(i) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 100% of the share capital of Verde S.à.r.l. ("Verde") from Rosso S.à.r.l. ("Rosso") to GUM International s.r.l. ("GUM International");
(ii) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 58.2% of the share capital of OWL S.p.A. ("OWL") from Verde to Alex s.r.l. ("Alex"); and
(iii) the agreement concluded on 17 May 2016 between the Creditor Banks, together with Banca IMI S.p.A. as agent, on the one hand, and Alex, GUM International, OWL, Verde, Rosso and European Opportunities Master Fund Limited (Audley EO), on the other hand, governing the relationship between the Creditor Banks and new investors.

Following the execution of these contracts, the TAS-Banking Agreement has also become effective.

As a result of activities carried out as part of the execution of the above agreements, it follows that, among other things:

(i) the company Verde is wholly owned by GUM International;
(ii) the share capital of OWL is currently divided between Alex, with a 58.2% stake, and Verde, owner of the remaining 41.8%. In turn, the share capital of Alex is divided between GUM International, holder of a 30% stake, and some important Italian investors who retain the remaining 70%;
(iii) Chairman of TAS Dario Pardi and CEO of TAS Valentino Bravi indirectly entered the share structure of TAS through GUM International, whose share capital is held, directly or indirectly, for 51% by Dario Pardi and his family and the remaining 49% by Valentino Bravi and his family;
(iv) Alex made a contribution to the share capital of OWL for Euro 10,000,000 (ten million) and the subsequent recapitalisation of TAS took place following a payment by OWL to TAS for the same amount of Euro 10,000,000 (ten million) for a future share capital increase, without repetition right;
(v) there was a reduction in the financial debt of TAS to the Creditor Banks for the amount of Euro 20,000,000 (twenty million), following the sale of receivables of the same amount by the Creditor Banks to OWL and the subsequent waiver, to the benefit of TAS, of those claims by OWL;
(vi) the remodelling of the repayment of TAS's outstanding debt of EUR 5,000,000 (five million) to the Creditor Banks became effective.

As a result of the above, the conditions emerged for the preparation of the TAS financial statements on a going concern basis and the 2016–2020 Business Plan and related financial measures.

c)
The table below compares the main indicators with the final results at 31 December 2016:

In millions of Euro	**Final data**	**Plan data**	**Delta**
Total revenue	48.0	49.4	(1.5)
Total operating costs	(48.6)	(52.9)	4.3
Gross operating margin (EBITDA)	(0.7)	(3.5)	2.8
R&D costs	4.2	4.5	(0.3)
Gross operating margin (EBITDA)*	3.6	1.0	2.5
Operating result	(2.5)	(4.8)	2.4
Net profit	(3.3)	(8.4)	5.1
Net financial position	4.1	2.1	2.0

* EBITDA taking into account capitalised R&D costs

The final data reported at 31 December 2016, net of revenue items, are an improvement on the data forecast by the Plan, even excluding non-recurring revenues as more fully described in the Report on Operations. The net financial position compared to the Plan is more favourable by Euro 2 million.

2) VALUATION CRITERIA

REFERENCE ACCOUNTING STANDARDS

The 2016 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).

Use of estimates and assumptions in preparing the Consolidated Financial Statements

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 judgements 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 S.p.A. 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	
	2016	2015	2016	2015
Swiss Franc	1.090	1.067	1.074	1.083
Brazilian Real	3.862	3.692	3.430	4.311
US dollar	1.106	1.109	1.054	1.088

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%
Customer List	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.

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:	
- Cellphones	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.

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 12 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.

Cash and cash equivalents

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

FINANCIAL LIABILITIES

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.

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, and reproduces the contents of the previous agreement with C.I.B.
On 30 June 2014, the Company and the parent company OWL S.p.A. renewed the tax consolidation contract for a further three years.

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 1 JANUARY 2016 THAT ARE SIGNIFICANT FOR THE GROUP

The following IFRS accounting principles, amendments and interpretation were applied for the first time by the Group as from 1 January 2016:

- Amendment to **IAS 19** "***Defined Benefit Plans: Employee Contributions***" (published on 21 November 2013): relating to the recognition of contributions made by employees or by third parties to defined benefit plans. The adoption of these amendments has not had any effect on the Group's consolidated financial statements.
- Amendment to **IFRS 11** ***Joint Arrangements*** – **"Accounting for acquisitions of interests in joint operations**" (published on 6 May 2014): relating to the recognition of acquisitions of interests in a joint operation, where the activity constitutes a business. The adoption of these amendments has not had any effect on the Group's consolidated financial statements.
- Amendment to **IAS 16** ***Property, plant and equipment*** and **IAS 41** ***Agriculture – "Bearer Plants"*** (published on 30 June 2014): bearer plants, i.e. fruit trees that produce annual crops (e.g. vines, nuts), should be accounted under the requirements of IAS 16 (rather than IAS 41). The adoption of these amendments has not had any effect on the Group's consolidated financial statements.
- Amendments to **IAS 16** – ***Property, plant and equipment*** *and to* **IAS 38** – ***Intangibles Assets "Clarification of acceptable methods of depreciation and amortisation"*** (published on 12 May 2014): according to which using revenue-based methods to calculate the amortisation of an asset was not appropriate, because the revenue generated by an asset that includes its usefulness generally represents aspects other than the economic benefits arising from the asset, which is the prerequisite for amortisation. The adoption of this amendment has not had any effect on the Group's consolidated financial statements.
- Amendment to **IAS 1 "*Disclosure Initiative*" (**published on 18 December 2014): the purpose of the amendment is to provide clarification on aspects of disclosure that could be perceived as an impediment to a clear and intelligible preparation of the financial statements. The adoption of this amendment has not had any effect on the Group's consolidated financial statements.
- Amendments to **IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception**(published on 18 December 2014), containing the amendments relating to issues that emerged subsequent to the application of the consolidation exception allowed for investment entities. The adoption of this amendment has not had any effect on the Group's consolidated financial statements.

Finally within the scope of the annual process to improve principles, on 12 December 2013 the IASB published the documents "**Annual Improvements to IFRSs**: **2010–2012 Cycle"** (including IFRS 2 Share Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on 25 September 2014, the document "**Annual Improvements to IFRSs: 2012–2014 Cycle**" (including: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) which partially integrate previous principles. 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, with early adoption permitted. The amendments to IFRS 15, *Clarifications to IFRS 15 – Revenue from Contracts with Customers*, as published by the IASB on 12 April 2016, have not yet been approved by the European Union. The Directors expect that applying IFRS 15 could have a significant impact on the amounts recorded as revenue and on the relative disclosure contained in the Group's consolidated Financial Statements. It is not possible to provide a reasonable estimate for these effects until the Group has conducted a detailed analysis of its contracts with customers.
- Final version of **IFRS 9 – *Financial Instruments*** (published on 24 July 2014). The document contains the results of the stages of Classification and valuation, impairment and hedge accounting of the IASB project aiming to replace IAS 39:
    - introduces new criteria for the classification and valuation of financial assets and 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 that replaces the previous versions of IFRS 9, must be applied to financial statements starting 1 January 2018 or later.
The Directors do not expect that applying IFRS 9 could have a significant impact on the amounts and disclosures contained in the Group's consolidated 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.

- On 13 January 2016, the IASB published principle **IFRS 16** – ***Leases*** *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 applied IFRS 15 - *Revenue from Contracts with Customers* in advance. The Directors do expect that applying IFRS 16 could have a significant impact on the recording of leasing contracts and on the relative disclosure contained in the Group's consolidated Financial Statements.
  It is not possible to provide a reasonable estimate for these effects until the Group has conducted a detailed analysis of the relevant contracts.
- On 11 September 2014, the IASB published an amendment to **IFRS 10 and IAS 28** ***Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. 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.
- On 18 December 2014, the IASB published the document "**Investment Entities:** ***Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (published on 18 December 2014), containing the amendments relating to issues that emerged subsequent to the application of the consolidation exception allowed for investment entities. The amendments introduced by the document must be applied as from the periods starting 1 January 2016 or a subsequent date, with early adoption

permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements, as the Company does not meet the requirements to be classified as an investment entity.

- On 19 January 2016 the IASB published the document "**Recognition of Deferred Tax Assets for Unrealised Losses**"**(Amendments to IAS 12)**", which contains the amendments to the international accounting principle IAS 12. The document aims to provide some clarification on the inclusion of deferred tax receivables on unrealised losses upon the occurrence of certain circumstances and on the estimated taxable income for future years. The amendments are applicable as from 1 January 2017, with early adoption permitted. The directors are currently evaluating the potential effects the introduction of these changes may have on the consolidated financial statements of the Group.
- On 29 January 2016 the IASB published the document "***Disclosure Initiative (Amendments to IAS 7*)**", which contains the amendments to the international accounting principle IAS 7. 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. The amendments are applicable as from 1 January 2017, with early adoption permitted. It is not necessary to present comparative disclosures relating to prior financial years. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.
- On 20 June 2016, the IASB published the document "***Classification and measurement of share-based payment transactions (Amendments to IFRS 2)***", 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, with early adoption 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: 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. 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 principle IFRIC 22 is applicable as from 1 January 2018, with early adoption

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 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, with early adoption permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated Financial Statements.

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.
As illustrated above, at 31 December 2015, the financial parameters had not been complied with. Consequently, as required by IAS 1, the relative payables under this agreement were reclassified under Current financial liabilities (from 0 to 1 year).

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	1,405	381	**2,879**

At 31 December 2015	From 0 to 1 year	From 1 to 5 years	More than 5 years	Total
Financial payables	21,807	43	-	**21,850**
Trade and other payables	18,693	-	-	**18,693**
Commitments: rents payable	600	450	-	**1,050**

8) FINANCIAL INSTRUMENTS BY CATEGORY

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

At 31 December 2016	Loans and receivables	Assets measured at fair value through profit or loss	Total
Non-current financial assets	**720**	**-**	**720**
Derivatives	-	-	-
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 2015	Loans and receivables	Assets measured at fair value through profit or loss	Total
Non-current financial assets	**619**	**-**	**619**
Derivatives	-	-	-
Other receivables	619	-	619
Current financial assets	**26,336**	**93**	**26,429**
Trade receivables and accruals and deferrals	22,747	-	22,747
Other receivables	584	-	584
Securities	-	93	93
Cash and other equivalent assets	3,005	-	3,005

At 31 December 2016	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**4,053**	**-**	**4,053**
Other payables	**-**	**-**	-
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

At 31 December 2015	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**43**	**-**	**43**
Other payables	**-**	**-**	-
Financial payables	43	-	43
Current financial liabilities	**47,743**	**-**	**47,743**
Trade payables and accruals and deferrals	18,714	-	18,714
Other payables	7,222	-	7,222
Financial payables	21,807	-	21,807

9) FAIR VALUE

The table below lists the assets and liabilities measured at “fair value” and classified according to a three-level hierarchy which takes into account the different variables used for valuation purposes.

	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets (12)	-	93	-	**93**
Total Assets	**-**	**93**	**-**	**93**

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.

Level 2: fair value determined based on inputs other than the listed prices included under “Level 1”, that are directly or indirectly observable.

Level 3: fair value determined based on the evaluation models where the inputs are not founded on unobservable market data.

BALANCE SHEET INFORMATION

ASSETS

Below are the comments on the financial accounting data. This is compared with the figures at 31 December 2015.
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	31/12/2016	31/12/2015	Change
Goodwill	17,412	17,412	-
TOTAL	**17,412**	**17,412**	**-**

The following table shows the detail for individual CGUs:

CGU	31.12.2016	31.12.2015	Change
TAS	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 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, a weighted WACC was used, based on 2016 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 four-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 financial year 2016 final data, which is in line with 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 fourth 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:
    - 5.9% for the TAS CGU (6.4% at 31 December 2015)
    - 4.8% for the TAS France CGU (5.5% at 31 December 2015)
    - 5.7% for the TAS Iberia CGU (6.4% at 31 December 2015)

  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 = 1.44%)
    b. Risk free rate:
        - 1.4% for the TAS CGU
        - 0.5% for the TAS France CGU
        - 1.4% for the TAS Iberia CGU
    c. Sector unlevered beta: 0.76
    d. Risk premium: 5.7% 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	1.9%	1.5%	6.2%
Average gross operating margin (EBITDA)	9.4%	19.6%	12.1%
Rate of growth in cash flow after plan period	2.0%	2.0%	2.0%
Post-tax discounting rate (WACC - post tax)	5.7%	4.8%	5.9%

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 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) for the TAS CGU at 31 December 2016, inclusive of 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 invested capital of the TAS CGU on 31 December 2016 was compared against the related value in use calculated on the basis of an 5.9% 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 (5.4%, 1.5%) or higher (6.4%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	93,559	80,539	70,474
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	73,320	60,300	50,235

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	78,272	67,429	59,039
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	58,033	47,190	38,800

"g"=1.5%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	81,832	71,612	63,473
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	62,593	51,373	43,234

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	68,547	60,026	53,233
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	48,308	39,787	32,994

"g"=2.5%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	109,349	92,101	79,276
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	89,110	71,862	59,037

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	91,364	77,016	66,339
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	71,125	56,777	46,100

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 2016, 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 2016 was compared with the related value in use calculated on the basis of a 4.8% 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 (4.3%, 1.5%) or higher (5.3%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	8,806	7,221	6,119
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	8,171	6,586	5,484

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	7,495	6,166	5,242
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	6,860	5,531	4,607

“g”=1.5%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	7,323	6,205	5,382
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	6,688	5,570	4,747

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	6,253	5,314	4,624
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	5,618	4,679	3,989

“g”=2.5%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	11,119	8,683	7,122
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	10,484	8,048	6,487

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	9,433	7,391	6,081
CIN carrying amount at 31 December 2016	635	635	635
Surplus value in use on book value	8,798	6,756	5,446

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 2016, 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 2016 was compared against the related value in use calculated on the basis of an 5.7% 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 (5.2%, 1.5%) or higher (6.2%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	4,386	3,800	3,351
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	3,299	2,713	2,264

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	3,978	3,450	3,045
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	2,891	2,363	1,958

"g"=1.5%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	3,877	3,419	3,055
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	2,790	2,332	1,968

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	3,523	3,109	2,780
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	2,436	2,022	1,693

"g"=2.5%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	5,083	4,301	3,726
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	3,996	3,214	2,639

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia CGU	4,602	3,899	3,381
CIN carrying amount at 31 December 2016	1,087	1,087	1,087
Surplus value in use on book value	3,515	2,812	2,294

OTHER INTANGIBLE FIXED ASSETS

The *Other intangible fixed assets* came down by Euro 571 thousand compared to 31 December 2015. The net value of Euro 4,654 thousand was made up as follows:

Other intangible fixed assets	31/12/2016	31/12/2015	Change
Software developed internally	4,183	4,061	122
Industrial patents and intellectual property rights	128	5	123
Customer List	-	1,032	(1,032)
Fixed assets in progress	129	-	129
Other intangible fixed assets	214	127	87
TOTAL	**4,654**	**5,225**	**(571)**

Below are the movements in the past two financial years:

Description	Value on 31/12/2014	Increases for the year	Amortisation for the year	Value on 31/12/2015
- Software developed internally	3,827	4,018	(3,784)	4,061
- Industrial patent rights	2	4	(1)	5
- *Customer List*	2,801	-	(1,769)	1,032
- Fixed assets in progress	-	-	-	-
- Others	209	58	(140)	127
TOTAL	**6,839**	**4,080**	**(5,694)**	**5,225**

Description	Value on 31/12/2015	Increases 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**

The balance of the item *Software developed internally*, which amounted to Euro 4,183 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.

Investments during the period were made in different areas and in particular:

- 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 designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of triparty collateral management;
- in the **Electronic money** area: the continued forward development of the CashLess 3.0 platform, card issue and management solutions on Open technology; on the Card Issue side implementation goes ahead for the interview specifications of the Chinese network UnionPay International (UPI), 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. During the year new investment was injected into *Branch Transformation,* with the June launch of **EasyBranch**, an application with a suite of scalable and flexible solutions for the ATM channel, intended to accelerate banks' capacity during the process of transformation of its branches. Of these, **EasySelf solution**, comprising SW and HW, was one of **the three finalists for the Sesame Awards**

at Trustech, the annual international awards event for the most innovative solutions in the payments industry.

- In the **Payment systems** area: the course of the year TAS became **market leader in the area of Check Image Truncation**, gaining a central role in projects for migration **to the new system project protocols using the TAS Network Gateway solution.**
- 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 issued by AgID in support of the PagoPA project for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. The analysis and development of corporate banking is also under way.

11)
TANGIBLE FIXED ASSETS

These went from Euro 933 thousand in 2015 to Euro 1,157 thousand in December 2016. The net value was made up as follows:

Tangible fixed assets	31/12/2016	31/12/2015	Change
Plants and machinery	157	196	(39)
Industrial and commercial equipment	3	4	(1)
Other assets	997	733	264
TOTAL	**1,157**	**933**	**224**

Detailed movements for the last two years are reported below:

Description	Value on 31/12/2014	Increases for the year	Reductions for the year	Amortisation for the year	Value on 31/12/2015
Plants and machinery	246	14	-	(64)	196
Industrial and commercial equipment	3	2	-	(1)	4
Other assets	835	325	-	(427)	733
TOTAL	**1,084**	**341**	**-**	**(492)**	**933**

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	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**

The item *Other assets* relates mainly to electronic office equipment and furniture of the Parent Company.

12)
EQUITY INVESTMENTS AND OTHER INVESTMENT SECURITIES

This item amounted to Euro 68 thousand and was made up as follows:

Other investments and investment securities	31/12/2016	31/12/2015	Change
Equity investments valued using the equity method	-	50	(50)
Equity investments in other companies valued at cost	68	68	-
TOTAL	**68**	**118**	**(50)**

The value at 31 December 2015 of the item *Equity investments valued using the equity method* referred to the company TASFINNET Ltda owned 35% by TAS Americas, which was devalued at 31 December 2016 as it will be liquidated in 2017.

Equity investments in other companies included 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.

13)
FINANCIAL FIXED ASSET RECEIVABLES

Financial fixed asset receivables amounted to Euro 663 thousand and related mainly to Parent Company security deposits:

financial fixed asset receivables	31/12/2016	31/12/2015	Change
Security deposits	663	554	109
Financial instruments fair value	-	-	-
TOTAL	**663**	**554**	**109**
Within the following year	-	-	-
From 1 to 5 years	663	554	109
More than 5 years	-	-	-
TOTAL	**663**	**554**	**109**
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 2016 are as follows:

Deferred taxes	31/12/2016	31/12/2015	Change
France	197	-	197
Switzerland	175	118	57
TOTAL	**372**	**118**	**254**

The deferred tax assets of France relate to a tax credit accrued on investments made in 2016 that can be used for the next three years to offset taxes on the taxable income of the company. On expiry of the three years 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
1.12.2015	**225**	**(60)**	**165**
Increases/decreases on Income Statement	(40)	42	2
Changes on Comprehensive Income Statement	(49)	-	(49)
31.12.2015	**136**	**(18)**	**118**

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**

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 10.2 million Euro (of which 9 million Euro relates to the parent company and 1.2 million Euro to the Spanish subsidiary TAS Iberia). It is worth highlighting that following the execution of the Operation, and more specifically the waiver by the Parent Company OWL S.p.A. regarding Bank Credits for Euro 20 million in respect of TAS, in the 2016 tax return, previous losses for about Euro 4.2 million will be utilised, in application of art. 88, paragraph 4 of the Consolidated Law on Income Tax (TUIR).

15)
OTHER NON-CURRENT RECEIVABLES

Other receivables totalling Euro 57 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	31/12/2016	31/12/2015	Change
Loans to employees	57	65	(8)
Other	-	-	-
TOTAL	**57**	**65**	**(8)**
Within the following year	-	-	-
From 1 to 5 years	57	65	(8)
More than 5 years	-	-	-
TOTAL	**57**	**65**	**(8)**
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 3,144 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 31/12/2016	Write-down provision	Net value at 31/12/2016	Net value at 31/12/2015
Work in progress on order	3,144	-	3,144	2,593
Finished products and goods	-	-	-	-
TOTAL	**3,144**	**-**	**3,144**	**2,593**

17)
TRADE RECEIVABLES

The value of trade receivables, totalling Euro 22,848 thousand also included trade-related accruals and deferrals receivable, and was made up as follows:

Trade receivables and accruals and deferrals receivable	31/12/2016	31/12/2015	Change
Trade receivables	19,188	18,114	1,074
Receivables from related parties	-	-	-
Trade accruals and deferrals receivable	3,660	4,633	(973)
TOTAL	**22,848**	**22,747**	**101**
Within the following year	22,848	22,747	101
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**22,848**	**22,747**	**101**
Overdue – less than 1 month	510	935	(425)
Overdue – more than 1 month	829	391	438
TOTAL	**1,339**	**1,326**	**13**

Trade receivables amounted to Euro 19,188 thousand (net of the write-down provision of Euro 3,658 thousand), with an increase of 6% with respect to the comparison data at 31 December 2015. It is noted that the *Trade receivables* figure at 31 December 2016 includes the resale to one of the Group's principal customers for Euro 4,914 thousand (Euro 5,438 thousand in 2015).

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

The receivables write-down provision underwent the following changes during 2016:

Write-down provision	31/12/2015	Provisions	Utilisation	31/12/2016
Write-down provision (trade receivables)	4,714	67	(1,123)	3,658
TOTAL	**4,714**	**67**	**(1,123)**	**3,658**

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	31/12/2016	31/12/2015	Change
Insurance	170	111	59
Rentals payable	2	2	-
Leases and maintenance and other services	155	149	6
Purchase of hardware/software for resale	3,080	4,204	(1,124)
Others	253	167	86
TOTAL	**3,660**	**4,633**	**(973)**

18)
OTHER RECEIVABLES

This item amounted to Euro 333 thousand and was made up as follows:

Other receivables	31/12/2016	31/12/2015	Change
Tax receivables	57	62	(5)
Receivables from personnel	64	74	(10)
Advances to suppliers	60	52	8
Various receivables	152	181	(29)
TOTAL	**333**	**369**	**(36)**
Within the following year	333	369	(36)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**333**	**369**	**(36)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The movement in the write-down provision for other receivables is analysed below:

Write-down provision (other receivables)	31/12/2015	Provisions	Utilisation	31/12/2016
Write-down provision (other receivables)	59	-	(59)	-
TOTAL	**59**	**-**	**(59)**	**-**

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

19)
CURRENT TAX RECEIVABLES

Receivables for current taxes on income for Euro 169 thousand referred mainly to IRAP tax advances and to the Parent Company’s direct taxes awaiting reimbursement:

Current tax receivables	31/12/2016	31/12/2015	Change
Current tax receivables	169	184	(15)
Receivables from related parties	-	-	-
TOTAL	**169**	**184**	**(15)**
Within the following year	169	184	(15)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**169**	**184**	**(15)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

20)
EQUITY INVESTMENTS AND OTHER CURRENT SECURITIES

This item for Euro 93 thousand referred exclusively to shares in mutual monetary investment funds relating to the subsidiary TAS France. They are either short-term or negotiable and represent a temporary liquid investment but do not meet all the requirements for classification in the item *Cash and cash equivalents*. These shares are valued at their fair value, with a contra entry in the Income Statement.

21)
FINANCIAL RECEIVABLES

The value of Financial receivables expiring within 12 months amounting to Euro 32 thousand recorded no significant changes compared to the previous financial period.

Current financial receivables	31/12/2016	31/12/2015	Change
Receivables from related parties	-	-	-
Other financial receivables	32	31	1
Financial accruals and deferrals receivable	-	-	-
TOTAL	**32**	**31**	**1**
Within the following year	32	31	1
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**32**	**31**	**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.

22)
CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 7,502 thousand and were made up as follows:

Cash and cash equivalents	31/12/2016	31/12/2015	Change
Cash and cash equivalents	4	5	(1)
Bank and postal deposits	7,498	3,000	4,498
TOTAL	**7,502**	**3,005**	**4,497**

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***	***31.12.2016***	***31.12.2015***
A. Cash and cash equivalents	**22**	(4)	(5)
B. Bank and postal deposits	**22**	(7,498)	(3,000)
C. Securities held for trading		(93)	(93)
D. Cash and cash equivalents (A) + (B) + (C)		**(7,595)**	**(3,098)**
E. Current financial receivables		**(32)**	**(31)**
F. Current bank payables		153	158
G. Short-term portion of medium to long-term bank borrowings		-	21,641
H. Current financing from Shareholders		-	-
I. Other current financial payables		7	8
of which in respect of related parties		-	-
J. Payables and other current fin. payables (F) + (G) + (H) + (I)	**26**	**160**	**21,807**
K. Current net financial debt (D) + (E) + (J)		**(7,467)**	**18,678**
L. Non-current bank payables		-	-
M. Non-current portion of medium to long-term bank borrowings		4,038	-
N. Non-current financing from Shareholders		-	-
O. Other non-current payables		15	43
P. Net non-current financial debt (L) + (M) + (N) + (O)	**30**	**4,053**	**43**
Q. Net financial debt CESR (K) + (P) (*)		**(3,414)**	**18,720**
R. Non-current financial receivables	**13**	**(663)**	**(554)**
S. Net financial debt(Q) + (R)		**(4,078)**	**18,166**

(*) 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* with the effects of the Operation went from a negative value of Euro 18,166 thousand at 31 December 2015 to a positive value of Euro 4,078 thousand at 31 December 2016.

Note that at 31 December 2015, as provided for by IAS 1, following the non-compliance with the covenants of the pool finance agreement, the liability under the previous contract had been fully reclassified under Current financial liabilities.

Following the effectiveness of the Operation comprehensively described above, the residual debt of TAS to Creditor Banks was classified under non-current financial liabilities.

BALANCE SHEET INFORMATION

LIABILITIES AND NET EQUITY

23)
NET EQUITY

The Operation effected on 4 August 2016, resulting in the company's release from debt for Euro 20 million and the payment of a free future increase in share capital for Euro 10 million made it possible to overcome the significant situation, under art. 2446 of the Italian Civil Code, faced by the company at 31 December 2015.

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

Net Equity	31/12/2016	31/12/2015
Share capital	14,331	14,331
Extraordinary reserve	(18)	(18)
Conversion reserve	1,642	1,586
Capital account reserve	20,000	-
Future share capital increase reserve	10,000	-
IAS 19 actuarial valuation reserve	(1,240)	(929)
Fair value reserve	(1,515)	-
Profit/(loss) carried forward	(14,452)	(5,745)
Profit (loss) for the period	(3,340)	(8,705)
TOTAL	**25,408**	**520**

The *Share capital* is made up as follows:

Shares/shareholding	Number	Nominal value in Euro
Ordinary shares	41,768,449	No nominal value
Total	**41,768,449**	

No new shares were subscribed during the reference period.
Therefore on the closing date the following shares were in circulation: 41,768,449 ordinary shares with no nominal value.

It is noted however that 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.

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 fair value reserve includes:

- the positive effect, equal to Euro 1,062 thousand, on the recognition of the pool financial debt renegotiated following the Operation;
- the negative effect, equal to Euro 2,577 thousand, on the release of the amortised cost of

the pool financial debt.

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	2015
Actuarial valuation reserve 1.1.2015	**(1,384)**
Effect of actuarial valuation	504
Tax effect on actuarial valuation	(49)
Actuarial valuation reserve 31.12.2015	**(929)**

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)**

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

NON-CURRENT LIABILITIES

24)
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)	31/12/2016	31/12/2015	Change
Employee severance indemnity provision	4,954	4,716	238
TOTAL	**4,954**	**4,716**	**238**

The fund is made up as follows:

Employee severance indemnity provision (TFR)	31/12/2016	31/12/2015	Change
Italian TFR	4,070	4,025	45
TAS Helvetia pension plans	884	691	193
TOTAL	**4,954**	**4,716**	**238**

The movement was as follows:

employee severance indemnity provision changes	31.12.2015
Employee Severance indemnity provision 1.1.2015	**6,120**
Provision for the period	1,203
Interest costs	74
Amount paid to INPS Treasury fund	(1,156)
Indemnities and advances paid during the year	(833)
Actuarial profit/(loss)	(692)
Employee Severance indemnity provision 31.12.2015	**4,716**

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 the INPS Treasury fund and other supplementary funds	(1,178)
Indemnities and advances paid during the year	(190)
Actuarial profit/(loss)	349
Employee Severance indemnity provision 31.12.2016	**4,954**

The changes and liabilities during the period include Euro 1,202 thousand of provisions, of which Euro 1,178 thousand were paid to the INPS Treasury fund; there were uses from indemnities paid during the year of Euro 190 thousand and a negative effect of the actuarial valuation of Euro 349 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	1.31% 0.75% for TAS Helvetia
Annual inflation rate: - **2016** - **2017** - **2018** - **2019** - **2020 and later**	 1.50% 1.80% 1.70% 1.60% 2.00% 0.00% for TAS Helvetia
Annual rate of increase in employee severance indemnity - **2016** - **2017** - **2018** - **2019** - **2020 and later**	 2.625% 2.850% 2.775% 2.700% 3.000% 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 31.12.2016	**TFR [Employee Severance Pay]**	**Delta**	**%**
+ 1% on turnover rate	4,047	- 23.33	-0.6%
- 1% on turnover rate	4,096	26.14	0.6%
+ 1/4% on annual inflation rate	4,131	60.95	1.5%
- 1/4% on annual inflation rate	4,010	- 59.72	-1.5%
+ 1/4% on annual discounting rate	3,975	- 95.59	-2.4%
- 1/4% on annual discounting rate	4,169	99.28	2.4%

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

Sensitivity analysis of main evaluation parameters on figures at 31.12.2016	PENSION PLAN	Delta	%
+ 0.50% on annual inflation rate	889	5.30	0.6%
- 0.50% on annual inflation rate	NA	NA	NA
+ 0.50% on annual discounting rate	801	- 83.08	-9.4%
- 0.50% on annual discounting rate	981	97.23	11.0%
+1 year on mortality rate	903	19.45	2.2%
-1 year on mortality rate	864	- 19.45	-2.2%

25)
PROVISIONS FOR RISKS AND CHARGES

This item amounted to Euro 163 thousand and referred to provisions made exclusively by the Parent Company:

Risk provisions	31/12/2016	31/12/2015	Change
Provision for risks	23	286	(263)
Other provisions	140	140	-
TOTAL	**163**	**426**	**(263)**

The changes are shown below:

Risk provision changes	31.12.2015
Opening balance at 1.1.2015	**408**
Increases	192
Utilisation	(174)
Risk provision at 31.12.2015	**426**

Risk provision changes	31.12.2016
Opening balance at 1.1.2016	**426**
Increases	23
Utilisation	(286)
Risk provision at 31.12.2016	**163**

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.

26)
NON-CURRENT FINANCIAL LIABILITIES

As already described, the Operation, executed on 4 August 2016, led to the company's release from debt for 20 million Euro and the remodelling of the repayment of the outstanding debt of Euro 5 million to the Creditor Banks.

The non-current financial liabilities totalling Euro 4,053 thousand refer almost exclusively to renegotiated pool financial payables:

Non-current financial liabilities	31/12/2016	31/12/2015	Change
Payables to other lenders	15	43	(28)
Payables to banks	-	-	-
Pool finance (nominal value)	5,000	-	5,000
Effect of recognition at the amortised cost of pool finance	(962)	-	(962)
TOTAL	**4,053**	**43**	**4,010**
Within the following year	-	-	-
From 1 to 5 years	4,053	43	4,010
More than 5 years	-	-	-
TOTAL	**4,053**	**43**	**4,010**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

Note that following the non-compliance with the covenants of the pool finance agreement at 31 December 2015, the liability under the previous contract was reclassified under Current financial liabilities.

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 31.12.2016 (4)	Balance at 31.12.2016
Line 2020	04/08/2016	31/12/2020	N.a.	N.a.	5,000	(1,063)	(962)	4,038
Pool loan					**5,000**	**(1,063)**	**(962)**	**4,038**

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

(2) The TAS-Creditor Banks Agreement provides for a Euribor percentage rate with a maturity of three 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 67.276% 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-Creditor Banks agreement:

	Covenant Details	
	EBITDA[6]	Net Equity
31.12.2016	€ 2,687.00	€ 16,910.00
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 Restructuring Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2016, the financial parameters had been complied with.

CURRENT LIABILITIES

27)
TRADE PAYABLES

The value of trade payables, totalling Euro 16,537 thousand also included trade-related accruals and deferrals payable, and was made up as follows:

Trade payables	31/12/2016	31/12/2015	Change
Advances	218	247	(29)
Payables to suppliers	8,953	11,076	(2,123)
Payables to related parties	153	148	5
Trade accruals and deferrals payable	7,213	7,243	(30)
TOTAL	**16,537**	**18,714**	**(2,177)**
Within the following year	16,537	18,714	(2,177)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**16,537**	**18,714**	**(2,177)**
Overdue – less than 1 month	800	600	200
Overdue – more than 1 month	897	2,187	(1,290)
TOTAL	**1,697**	**2,787**	**(1,090)**

The figure for *Payables to suppliers* at 31 December 2016 includes the invoices for the resale to one of the Group's principal customers for a total of Euro 3,849 thousand (Euro 5,105 thousand in 2015).
The item *Advances* included the advances received from customers in relation to supply goods and services not yet completed.
As seen in the table, at 31 December 2016, there were overdue trade payables totalling Euro 1,697 thousand (Euro 2,787 thousand on 31 December 2015). It should be noted that in 2015 the overdue items included Euro 1,209 million related to disputed positions with two suppliers. On 11 July 2016 the first instance judgement was handed down for the case between the Company and a supplier, ruling in favour of TAS and ordering the other party to cover its legal fees amounting to 35 thousand Euros plus VAT and accessories. Following the settlement, the appeal application that had been served on the Company against the judgement in favour of TAS, will be dropped and the

[6] It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined in Note 1 on page 13 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.

case will as a result be dismissed. The effects of the settlement amounted to an economic benefit of Euro 990 thousand, while the disputed value was Euro 1,107 thousand.

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 41 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. Specifically, the item includes Euro 4,028 thousand relating to the resale to one of the Group's principal customers (Euro 3,414 thousand in 2015).

28) OTHER PAYABLES

Other payables for Euro 7,219 thousand, related to:

Other payables	31/12/2016	31/12/2015	Change
Tax payables	2,019	2,020	(1)
Payables to social security institutions	1,897	1,859	38
Various payables	3,303	3,327	(24)
TOTAL	**7,219**	**7,206**	**13**
Within the following year	7,219	7,206	13
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**7,219**	**7,206**	**13**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The details relating to the other payables appear below:

Tax payables	31/12/2016	31/12/2015	Change
IRPEF payables	1,128	1,105	23
VAT payables	877	907	(30)
Other tax payables	14	8	6
TOTAL	**2,019**	**2,020**	**(1)**
Within the following year	2,019	2,020	(1)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**2,019**	**2,020**	**(1)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

IRPEF payables relate to withholding tax on the December payroll.

Social security payables	31/12/2016	31/12/2015	Change
Payable to INPS [pension fund]	1,647	1,591	56
Payables to INAIL and other institutions	188	268	(80)
Other social security payables	62	-	62
TOTAL	**1,897**	**1,859**	**38**
Within the following year	1,897	1,859	38
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1,897**	**1,859**	**38**
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	31/12/2016	31/12/2015	Change
Payables to personnel	3,076	3,036	40
Various other payables	227	291	(64)
TOTAL	**3,303**	**3,327**	**(24)**
Within the following year	3,303	3,327	(24)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**3,303**	**3,327**	**(24)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

There were no outstanding payables to employees on 31 December 2016.

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

29)
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	31/12/2016	31/12/2015	Change
Current tax payables	3	16	(13)
TOTAL	**3**	**16**	**(13)**
Within the following year	3	16	(13)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**3**	**16**	**(13)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

30) CURRENT FINANCIAL PAYABLES

Total current financial payables at 31 December 2016 were Euro 160 thousand.

Current financial payables	31/12/2016	31/12/2015	Change
Payables to other lenders	7	7	-
Payables to banks	153	154	(1)
Loan in Intesa San Paolo pool (nominal value)	-	25,000	(25,000)
Effect of recognition at the amortised cost of pool finance	-	(3,359)	3,359
Payables to related companies	-	-	-
Financial accruals and deferrals	-	5	(5)
TOTAL	**160**	**21,807**	**(21,647)**
Within the following year	160	21,807	(21,647)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**160**	**21,807**	**(21,647)**
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 of 31 December 2016 and debt currency was as follows:

Financial payables	zero rate	less than 5%	between 5% and 10.0%
Euro	-	5,175	
Real	-	-	-
CHF	-	-	-
TOTAL	**-**	**5,175**	**-**

As already mentioned, the renegotiated loan following the Operation of Euro 5 million provides for a Euribor percentage rate with a maturity of three months and a spread of 150 base points. The rest of the debt for Euro 175 thousand was mainly made up of variable-rate finance (referring only to foreign subsidiaries) with a 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	31/12/2016	31/12/2015
From 0 to 6 Months	5,175	204
From 6 to 12 Months	-	-
From 1 to 5 years	-	-
More than 5 years	-	-

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

Financial payables	31/12/2016	31/12/2015	Change
Non-current	4,053	43	4,010
Current	159	21,807	(21,648)
TOTAL	**4,212**	**21,850**	**(17,638)**

Changes	31.12.2015
Opening balance at 1.1.2015	**20,639**
Effect of recognition at the amortised cost of the new pool finance	1,161
Changes in other bank and financial payables	50
Closing balance at 31.12.2015	**21,850**

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
Changes in other bank and financial payables	(34)
Closing balance at 31.12.2016	**4,212**

At 31 December 2016, the reserve of liquid assets was as follows:

Bank credit lines	*Loans 31.12.2016*	*Utilisation 31.12.2016*	*Availability of credit 31.12.2016*	*Availability of credit 31.12.2015*
Cash credit line	160	(145)	15	120
Financing Lines (POOL)	5,000	(5,000)	-	-
Other Financing Lines	61	(21)	40	2
Total Bank Credit Lines	**5,221**	**(5,166)**	**55**	**121**
Factoring Lines	2,210	(646)	1,564	-
Total Factoring Credit Lines	**2,210**	**(646)**	**1,564**	**-**
Total Banking/Factoring Credit Lines	**7,431**	**(5,812)**	**1,619**	**121**
Cash and cash equivalents			7,502	3,005
Total	**7,431**	**(5,812)**	**9,121**	**3,127**

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 4,038 thousand.
The Group's liquidity reserve of € 9.1 million has been considered sufficient to meet existing commitments on the balance sheet date.

31)
COMMITMENTS AND OTHER POTENTIAL LIABILITIES

Note that at 31 December 2016, the Parent Company had commitments for rentals payable totalling Euro 2.9 thousand of which Euro 1.1 million mature within one year.

It should be noted that the appeal notice served to the Company by a former consultant of DS Data Systems S.p.A. (a company controlled by NCH Network Computer House S.p.A., later C.I.B. S.p.A. but now definitively liquidated, and a former owner of the Company) against the first instance judgement in which it itself was partly unsuccessful, details of which are available in the previous financial statements, ended with a decision handed down on 22 March 2016. With this measure, the Court of Appeal rejected the main appeal demands of the ex-consultant and the cross-appeal of TAS, except for partially accepting the main demand that TAS makes provision for the main appellant to purchase a 90% stake in DS Data Systems Iberia S.A. at the price of Euro 500.00, and ordering TAS to pay the legal costs incurred by the other party. At the approval date of the draft Financial Statements, the terms for filing objections with the Court of Cassation had lapsed and neither of the parties had lodged an appeal. The judgement of the second instance is therefore permanently binding.

INFORMATION ON THE INCOME STATEMENT

Comments on the Income Statement follow. These are compared with the relevant figures for the corresponding period in 2015.
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 43 in this section.

32)
REVENUE

Revenue	31/12/2016	31/12/2015	Change	Change %
Revenue	45,493	46,899	(1,406)	(3.0%)
Work in progress	581	334	247	74.0%
Other revenue	1,892	366	1,526	416.9%
(of which non-recurring)	*990*	-	990	-
TOTAL	**47,966**	**47,599**	**367**	**0.8%**

At 31 December 2016, the Group recorded *Total revenue* for Euro 47,966 thousand, compared to Euro 47,599 thousand for the previous year, broken down as follows:

- Euro 46,074 thousand made up of revenue from typical management (Euro 47,233 thousand in 2015);
- Euro 1,892 thousand made up of other non-typical revenue (Euro 366 thousand in 2015).

Other revenues mainly include the economic benefit of Euro 990 thousand from the settlement agreement, signed on 22 December 2016 with a provider for supplies that were the subject of a dispute arising in the wake of a judgement in favour of the Company in first instance proceedings and the recorded income from tax credit on research and development costs of Euro 461 thousand pursuant to the Stability Law 2015 (art. 1, paragraph 35).

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

33)
COSTS OF PRODUCTION

Costs of production amounting to Euro 44,381 thousand are detailed in the following table:

Costs	31/12/2016	31/12/2015	Change	Change %
Raw materials, consumables and goods	4,346	5,900	(1,554)	(26.3%)
- of which software development costs	*(494)*	*(409)*	*(85)*	*20.8%*
Personnel costs	23,372	23,430	(58)	(0.2%)
- of which software development costs	*(2,787)*	*(2,496)*	*(291)*	*11.7%*
For services	13,925	11,759	2,166	18.4%
- of which software development costs	*(967)*	*(1,113)*	*146*	*(13.1%)*
- of which non-recurring	*634*	*265*	*369*	*>100.0%*
Other costs	2,738	4,219	(1,481)	(35.1%)
- of which non-recurring	*162*	*1,947*	*(1,785)*	*(91.7%)*
TOTAL	**44,381**	**45,308**	**(927)**	**(2.0%)**

As shown in the table, there were non-recurring costs totalling 796 thousand Euro, broken down as follows:

BALANCE SHEET ITEM	**AMOUNT**	**DESCRIPTION**
"Costs of services"	(634)	Consulting for financing renegotiation
Total	**(634)**	
"Other costs"	(162)	Costs for early retirement
Total	**(162)**	
TOTAL NON-RECURRING COSTS	**(796)**	

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.
The item *Other costs* referred to transactions relating to incentives for staff early retirement and associated costs.

The decrease in *Raw material consumables* is linked mainly to the resale of hardware and software to one of the Group's principal customers referred to on a number of occasions, which at 31 December 2016 impacted for Euro 4,071 thousand (Euro 5,285 thousand at 31 December 2015).

Personnel costs, the largest liability item on the profit and loss account, fell from Euro 23,430 thousand to Euro 23,372 thousand, almost in line with 2015.

Personnel costs	**31/12/2016**	**31/12/2015**	**Change**	**Change %**
Salaries and wages	19,290	19,195	95	0.5%
Social security contributions	5,622	5,645	(23)	(0.4%)
TFR provision	1,202	1,203	(1)	(0.1%)
Other costs	45	(117)	162	>(100.0%)
Capitalised development costs	(2,787)	(2,496)	(291)	11.7%
TOTAL	**23,372**	**23,430**	**(58)**	**(0.2%)**

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 *Cost of services* for Euro 13,925 thousand were made up as follows:

Costs of services	**31/12/2016**	**31/12/2015**	**Change**	**Change %**
External consulting on projects and orders	3,532	3,841	(309)	(8.0%)
Capitalised development costs	(967)	(1,113)	146	(13.1%)
Professional services from third parties for resale	2,562	1,933	629	32.5%
Royalties payable	5	6	(1)	(16.7%)
Cash remuneration to directors and auditors	512	402	110	27.4%
Travel costs	924	897	27	3.0%
Commercial, administrative, legal and tax advisory services	3,341	2,341	1,000	42.7%
Outsourced IT services	1,006	827	179	21.6%
Maintenance and repair fees	197	187	10	5.3%
Telephone and energy bills	444	489	(45)	(9.2%)
Advertising, trade fairs and sponsorships	349	161	188	>100.0%
Insurance	286	280	6	2.1%
Other services	1,734	1,508	226	15.0%
TOTAL	**13,925**	**11,759**	**2,166**	**18.4%**

The increase in costs of services is mainly due to an increase in costs for legal and financial consulting related to the Operation and to an increase in professional services for resale. The increase in costs of "Advertising, trade fairs and sponsorship" as well as "Business, administrative, legal and tax consulting" are largely due to the internationalization process, one of the three pillars of the business plan.

The item *Other costs* mainly includes costs for use of third-party assets for Euro 1,953 thousand, made up as follows:

Costs for use of third-party assets	31/12/2016	31/12/2015	Change	Change %
Rentals payable	1,553	1,474	79	5.4%
Leasing and hiring	400	389	11	2.8%
TOTAL	**1,953**	**1,863**	**90**	**4.8%**

34) AMORTISATIONS AND DEPRECIATIONS

Amortisations and depreciations amounted to Euro 6,055 thousand and was broken down as follows:

Amortisations and depreciations	31/12/2016	31/12/2015	Change	Change %
Capitalised software	4,169	3,784	385	10.2%
Other intangible fixed assets	1,199	1,909	(710)	(37.2%)
Tangible fixed assets	570	493	77	15.6%
Other fixed asset impairments	50	3,144	(3,094)	(98.4%)
Impairment of trade receivables	67	220	(153)	(69.5%)
TOTAL	**6,055**	**9,550**	**(3,495)**	**(36.6%)**

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

35) FINANCIAL INCOME AND CHARGES

The balance of financial management was negative for Euro 1,005 thousand and was made up as follows:

Financial income/(expenses)	31/12/2016	31/12/2015	Change	Change %
Income from non-current receivables	9	8	1	12.5%
Income from securities	-	2	(2)	(100.0%)
Other income	9	3	6	>100.0%
Exchange rate gains	27	-	27	-
TOTAL FINANCIAL INCOME	**45**	**13**	**32**	**246.2%**
Interest payable and other financial charges	(1,050)	(1,328)	278	(20.9%)
Exchange rate losses	-	(71)	71	(100.0%)
TOTAL FINANCIAL CHARGES	**(1,050)**	**(1,399)**	**349**	**(24.9%)**
TOTAL RESULT OF FINANCIAL MANAGEMENT	**(1,005)**	**(1,386)**	**381**	**(27.5%)**

The item *Interest payable and other financial charges,* which went from Euro 1,328 thousand in 2015 to Euro 1,050 thousand at 31 December 2016, included:

- interest payable on loans, current bank accounts and factoring accounts for Euro 48 thousand

(Euro 21 thousand in 2015);
- bank charges for Euro 65 thousand (Euro 72 thousand in 2015);
- the effect for the period for Euro 882 thousand relating to the recognition of the amortised cost of the pool finance (Euro 1,161 thousand in 2015);
- the effect for the period for Euro 55 thousand (Euro 74 thousand in 2015) 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 94 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.

36)
TAXES

Current taxes amounted to Euro 87 thousand, while the net balance of the deferred taxes is positive for Euro 222 thousand.

Current and deferred taxes	31/12/2016	31/12/2015	Change	Change %
Current taxes	87	84	3	3.6%
Deferred taxes	(222)	(2)	(220)	>100.0%
TOTAL	**(135)**	**82**	**(217)**	**>(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.

37) PROFIT/(LOSS) PER SHARE

The net result showed a loss of Euro 3,340 thousand compared to the loss of Euro 8,705 thousand for the corresponding period in the previous year.
The loss per share for 2016 was 0.08 Euro compared to the loss of 0.21 Euro at 31 December 2015. The breakdown is given below:

Earnings per share	31/12/2016	31/12/2015
Share Capital	14,330,646	14,330,646
Profit/(loss) for the year	(3,339,508)	(8,705,234)
Ordinary shares	41,768,449	41,768,449
Weighted average of number of shares in circulation in financial year	**41,768,449**	**41,768,449**
EARNINGS PER SHARE	**(0.08)**	**(0.21)**

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

38) OTHER PROFIT/(LOSS)

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

Other profit/(loss)	31/12/2016	31/12/2015
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	57	115
Profit/(loss) deriving from the adjustment of the goodwill of foreign companies	-	375
Profit/(loss) deriving from the conversion of foreign companies' Financial Statements	**57**	**490**
Actuarial profit/(loss) on defined benefit plans	(272)	505
Income tax relating to Other profit/(loss)	(39)	(49)
Total Other profit/(loss), net of tax effect	**(254)**	**946**

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

	31/12/2016			31/12/2015		
	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	57	-	57	490	-	490
Profit/(loss) arising from the delta change on dividends of foreign companies	-	-	-	-	-	-
Actuarial profit/(loss) on defined benefit plans	(272)	(39)	(311)	505	(49)	456
Total Other profit/(loss)	**(215)**	**(39)**	**(254)**	**995**	**(49)**	**946**

39)
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 2016.
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	14

40)
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	31.12.2016							31.12.2015						
€ thousand	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Other foreign countries*	*Cons.*
Total revenue	**39,150**	**593**	**988**	**1,129**	**2,737**	**3,369**	**47,966**	**39,454**	**541**	**1,203**	**916**	**2,415**	**3,071**	**47,599**
(of which non-recurring)	*990*	-	-	-	-	-	*990*	-	-	-	-	-	-	-
Personnel costs	(20,247)	(842)	(712)	(248)	(655)	(667)	(23,372)	(20,216)	(1,151)	(709)	(390)	(620)	(344)	(23,430)
Other costs	(17,074)	214	(311)	(373)	(1,445)	(2,019)	(21,009)	(18,406)	226	(370)	(492)	(1,227)	(1,608)	(21,878)
(of which non-recurring)	*(796)*	-	-	-	-	-	*(796)*	*(2,212)*	-	-	-	-	-	*(2,212)*
Total costs	**(37,321)**	**(628)**	**(1,023)**	**(621)**	**(2,101)**	**(2,687)**	**(44,381)**	**(38,622)**	**(925)**	**(1,079)**	**(883)**	**(1,848)**	**(1,951)**	**(45,308)**
Depreciation and amortisation	(5,572)	(144)	(33)	(9)	(179)	(0)	(5,937)	(5,824)	(191)	(17)	(15)	(138)	-	(6,186)
Write-downs	(23)	-	(37)	(50)	(8)	-	(117)	(171)	(3,144)	(35)	-	(13)	-	(3,363)
Operating result	**(3,767)**	**(178)**	**(105)**	**448**	**450**	**682**	**(2,470)**	**(5,163)**	**(3,720)**	**72**	**18**	**416**	**1,120**	**(7,258)**
Financial revenue	12	2	0	31	0	-	45	9	3	0	0	2	-	13
Financial charges	(1,032)	(1)	(7)	(6)	(4)	(0)	(1,050)	(1,320)	(26)	(0)	(49)	(4)	(0)	(1,399)
Result of financial management	**(1,020)**	**2**	**(7)**	**25**	**(4)**	**(0)**	**(1,004)**	**(1,311)**	**(24)**	**(0)**	**(49)**	**(2)**	**(0)**	**(1,386)**
Net profit on investments valued by net equity method	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20**	**-**	**-**	**20**
Profit/(loss) before tax	**(4,788)**	**(177)**	**(112)**	**473**	**446**	**682**	**(3,475)**	**(6,474)**	**(3,743)**	**72**	**(11)**	**413**	**1,120**	**(8,623)**
Taxes	-	27	-	(56)	164	-	135	-	0	-	(68)	(14)	-	(82)
Profit from on-going activities	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,339)**	**(6,474)**	**(3,743)**	**72**	**(79)**	**399**	**1,120**	**(8,705)**
Profit from discontinued activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,339)**	**(6,474)**	**(3,743)**	**72**	**(79)**	**399**	**1,120**	**(8,705)**
Net profit attributable to third parties	-	-	-	0	-	-	0	-	-	-	-	-	-	-
Profit attributable to Group	**(4,788)**	**(149)**	**(112)**	**417**	**610**	**682**	**(3,340)**	**(6,474)**	**(3,743)**	**72**	**(79)**	**399**	**1,120**	**(8,705)**

Balance Sheet	*31.12.2016*						*31.12.2015*					
€ thousand	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Cons.*	*Italy*	*Switzerland*	*Spain*	*South America*	*France*	*Cons.*
Intangible fixed assets	20,389	0	1,394	61	222	22,066	20,992	98	1,389	62	98	22,638
- Goodwill	15,915	0	1,345	61	91	17,412	15,915	0	1,345	61	91	17,412
- Other intangible fixed assets	4,474	-	49	0	131	4,654	5,076	98	44	0	6	5,225
Tangible fixed assets	754	5	3	26	369	1,157	548	4	6	37	338	933
Financial fixed assets	67	-	1	0	-	68	67	-	1	50	-	118
Deferred taxes and other Intangible receivables	57	175	-	-	197	429	65	118	-	-	-	183
Non-current assets	**21,266**	**181**	**1,399**	**87**	**787**	**23,720**	**21,672**	**220**	**1,397**	**148**	**435**	**23,872**
Net inventories	3,095	36	-	-	13	3,144	2,586	6	-	-	-	2,593
Trade receivables	18,153	0	352	462	221	19,188	17,188	140	402	119	266	18,114
Other receivables	281	97	53	11	59	502	394	68	55	9	26	552
Accruals and deferrals receivable	3,604	1	4	1	49	3,660	4,585	5	5	0	38	4,633
Profit/loss for the period	**25,134**	**135**	**409**	**474**	**342**	**26,493**	**24,753**	**219**	**461**	**128**	**330**	**25,892**
Trade payables	(8,853)	(14)	(127)	(61)	(269)	(9,324)	(10,976)	-	(163)	(146)	(186)	(11,472)
Other payables	(6,776)	(47)	(85)	(32)	(283)	(7,222)	(6,683)	(162)	(98)	(37)	(242)	(7,222)
Accruals and deferrals payable	(6,924)	(28)	(242)	-	(18)	(7,213)	(7,081)	(39)	(104)	(3)	(17)	(7,243)
Liabilities for the year	**(22,553)**	**(89)**	**(453)**	**(94)**	**(570)**	**(23,759)**	**(24,740)**	**(201)**	**(365)**	**(185)**	**(444)**	**(25,936)**
Net working capital	**2,580**	**45**	**(45)**	**381**	**(227)**	**2,734**	**13**	**18**	**96**	**(57)**	**(114)**	**(44)**
Employee severance indemnity	(4,070)	(884)	-	-	-	(4,954)	(4,025)	(691)	-	-	-	(4,716)
Provision for risks and charges	(140)	-	-	-	(23)	(163)	(426)	-	-	-	-	(426)
Non-current liabilities	**(4,210)**	**(884)**	**-**	**-**	**(23)**	**(5,117)**	**(4,451)**	**(691)**	**-**	**-**	**-**	**(5,142)**
Net Invested Capital	**19,636**	**(658)**	**1,354**	**468**	**537**	**21,336**	**17,233**	**- 452**	**1,493**	**91**	**321**	**18,686**
Cash and cash equivalents	6,635	85	2	180	600	7,502	2,111	171	22	185	517	3,005
Net debt, excl. Shareholders	(3,525)	20	(110)	1	189	(3,425)	(21,229)	10	(121)	33	135	(21,172)
Total net financial position	**3,110**	**106**	**(108)**	**181**	**789**	**4,078**	**(19,118)**	**181**	**(99)**	**218**	**652**	**(18,166)**
Total net equity						**(25,414)**						**(520)**
Own assets and financial liabilities	**3,110**	**106**	**(108)**	**181**	**789**	**(21,336)**	**(19,118)**	**181**	**(99)**	**218**	**652**	**(18,686)**

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.

41)
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 2016:

	OWL SPA	CONTENT INTERFACE ITALIA SRL	GUM CONSULTING SRL
Trade payables	(128)	-	(25)
Costs			
Costs of services	(156)	(83)	(148)

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;
- relations with Content Interface Italia, a company of which the Chairman Dario Pardi was the sole director until 6 July 2016, and referred to work on projects and orders for the Company. The balance of the costs of services includes the compensation as Chairman of the Company's Board of Directors for the first quarter of 2016. From the second quarter of 2016 the compensation was invoiced by the affiliated company Gum Consulting, of which referred Dario Pardi is the majority shareholder.

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 receivables	22,848	-	0.00%
Financial receivables	695	-	0.00%
Other receivables	502	-	0.00%
Trade payables	(16,537)	(153)	0.93%
Financial payables	(4,212)	-	0.00%
Other payables	(7,219)	-	0.00%
b) Impact of related-party transactions on items on the Income Statement			
Costs of services	(13,925)	(386)	2.77%
Other costs	(2,738)	-	0.00%
Trade revenue	45,493	-	0.00%
Other revenue	1,892	-	0.00%
c) Impact of related-party transactions on cash flow			
Financial revenue	45	-	0.00%
Financial charges	(1,050)	-	0.00%

42)
NUMBER OF EMPLOYEES

Staff	31/12/2016	31/12/2015	Change
TAS	364	353	11
TAS HELVETIA	11	12	(1)
TAS FRANCE	7	7	-
TAS AMERICAS	4	4	-
TAS IBERIA	15	16	(1)
TAS GERMANY	1	-	1
TAS USA	-	-	-
Number of employees	**402**	**392**	**10**

43)
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 2016.

Name and Surname	Position held during the year	Period in which the position was held	Expiry of office[7]	Emoluments payable for position within TAS S.p.A. *	Non-monetary benefits **	Bonuses and other incentives ***	Other benefits ****
Dario Pardi	Chairman	1/01–31/12/2016	Approval of 2016 Financial Statements	45,000		80,000	
Valentino Bravi	Chief Executive Officer	1/01–31/12/2016	Approval of 2016 Financial Statements	45,000	3,140		300,000
Paolo Colavecchio	Board member	1/06–31/12/2016	Approval of 2016 Financial Statements	8,750	641		100,000
Enrico Pazzali	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Riccardo Pavoncelli	Board member	1/01–06/03/2016	Resigned	2,500			
Giovanni Damiani	Board member	1/01–18/07/2016	Resigned	10,833			
Carlotta De Franceschi	Board member	1/11–31/12/2016	Approval of 2016 Financial Statements	3,333			
Luca Di Giacomo	Board member	1/01–14/12/2016	Resigned	19,167			
Giancarlo Albini	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Roberta Viglione	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Suzan Andrèe Bazile	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	20,000			
Total directors' remuneration				**229,583**	**3,781**	**80,000**	**400,000**
Carlo Ticozzi Valerio	Chairman	1/01–31/12/2016	Approval of 2016 Financial Statements	41,652			
Antonio Mele	Standing Auditor	1/01–31/12/2016	Approval of 2016 Financial Statements	31,200			
Simonetta Bissoli	Standing Auditor	1/01–31/12/2016	Approval of 2016 Financial Statements	31,222			
Total auditors' remuneration				**104,074**	**-**	**-**	**-**
TOTAL REMUNERATION				**333,657**	**3,781**	**80,000**	**400,000**
Directors with strategic responsibilities*****					**1,963**	**3,000**	**317,167**

* 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

[7] Following the Operation, the Board of Directors will submit its resignation at the Shareholders' Meeting of 26 April 2017 in order to allow for the appointment of new members of the management body.

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 2016.

It is also hereby certified that the Consolidated Financial Statements at 31 December 2016:

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, 16 March 2017

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
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.

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered Office Via Benedetto Croce, 6–00142 Rome (RM) - Fully paid-up Share Capital: 21,919,574.97 Euro fully paid up - Registration Company Reg. and Tax Code 05345750581 - Rea 732344

FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Balance sheet	***Notes***	***31.12.2016***	***31.12.2015***
Intangible fixed assets	**11**	19,867	20,469
- Goodwill		*15,393*	*15,393*
- Other intangible fixed assets		*4,474*	*5,076*
Tangible fixed assets	**12**	754	548
Investments and other securities	**13**	10,547	10,391
Financial fixed asset receivables	**14**	500	428
Other receivables	**15**	57	65
Total non-current assets		**31,724**	**31,902**
Net inventories	**16**	3,095	2,586
Trade receivables	**17**	22,314	22,093
(of which in respect of related companies)		*558*	*322*
(of which trade accruals and deferrals)		*3,604*	*4,585*
Other receivables	**18**	112	209
(of which in respect of related companies)		*18*	-
Receivables for current taxes on income	**19**	169	184
Financial receivables	**20**	21	21
Cash and cash equivalents	**21**	6,585	2,080
Total current assets		**32,296**	**27,173**
TOTAL ASSETS		**64,020**	**59,075**
Share capital		14,331	14,331
Other reserves		28,073	(257)
Profit/(loss) of previous years		(6,489)	-
Profit/(loss) for the year		(3,188)	(6,489)
Net Equity	**22**	**32,726**	**7,585**
Employee severance indemnity provision	**23**	4,070	4,025
Provisions for risks and charges	**24**	140	426
Financial payables	**25**	4,038	-
Total non-current liabilities		**8,248**	**4,451**
Trade payables	**26**	16,267	18,677
(of which in respect of related companies)		*654*	*782*
(of which trade accruals and deferrals)		*6,919*	*7,075*
Other payables	**27**	6,770	6,683
Financial payables	**28**	8	21,678
(of which in respect of related companies)		-	*26*
(of which financial accruals and deferrals)		-	*5*
Total current liabilities		**23,045**	**47,039**
TOTAL LIABILITIES AND NET EQUITY		**64,020**	**59,075**

Income statement	***Notes***	***31.12.2016***	***31.12.2015***
Revenue		41,236	42,725
(of which in respect of related companies)		*442*	*457*
Work in progress		509	353
Other revenue		2,125	402
(of which non-recurring)		*990*	-
(of which in respect of related companies)		*334*	*200*
Total revenue	**30**	**43,869**	**43,480**
Raw materials, consumables and goods		(4,139)	(5,400)
(of which in respect of related companies)		*(16)*	*(18)*
Personnel costs		(20,989)	(20,830)
Costs of services		(13,132)	(11,104)
(of which non-recurring)		*(634)*	*(265)*
(of which in respect of related companies)		*(1,574)*	*(1,280)*
Other costs		(2,163)	(3,726)
(of which non-recurring)		*(63)*	*(1,813)*
(of which in respect of related companies)		*(0)*	*(1)*
Total costs	**31**	**(40,422)**	**(41,060)**
Depreciation and amortisation	**32**	(5,572)	(5,824)
Write-downs	**32**	(23)	(1,775)
Operating result		**(2,149)**	**(5,178)**
Financial revenue		12	9
Financial charges		(1,051)	(1,320)
Results of financial management	**33**	**(1,039)**	**(1,311)**
Profit/(loss) before tax		**(3,188)**	**(6,489)**
Taxes	**34**	-	-
Profit/(loss) from continuing operations		**(3,188)**	**(6,489)**
Profit/(loss) from non-continuing operations		-	-
Profit/(loss) for the year		**(3,188)**	**(6,489)**

Comprehensive income statement	***Notes***	***31.12.2016***	***31.12.2015***
Net profit/(loss) pertaining to Company (A)		**(3,188)**	**(6,489)**
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		(156)	259
Tax effect		-	-
Total Other profit/(loss), net of tax effect that will not subsequently be reclassified in the financial year profit/(loss) (B)	**35**	**(156)**	**259**
Total Profit/(loss) (A) + (B)		**(3,344)**	**(6,230)**

Cash Flow Statement	**Notes**	**31/12/2016**	**31/12/2015**
Profit/(loss) for the year		(3,188)	(6,489)
Amortisations and depreciations	**32**	5,595	7,599
Change to employee severance provision	**23**	(166)	(785)
Change in provisions for risks and charges	**24**	(286)	19
Payment of income taxes		-	(40)
Other non-monetary changes		40	1,339
Decrease/(increase) in inventories and other current assets		(697)	4,652
Increase/(decrease) in accounts payable and other liabilities		(1,269)	(4,291)
Cash flow from operating activities		**29**	**2,004**
Net change in intangible fixed assets	**11**	(4,588)	(4,033)
Net change in tangible fixed assets	**12**	(587)	(239)
Transfer 1% of TAS Americas	**13**	2	-
Incorporation TAS Germany Gmbh	**13**	-	(25)
Recapitalisation TAS USA and TAS Germany Gmbh	**13**	(158)	(27)
Cash flow from investments	**9**	**(5,331)**	**(4,324)**
Change in financial payables to related parties/subsidiaries	**25/28**	(26)	9
Change in financial payables to related parties/subsidiaries	**20**	-	50
Change in other financial receivables	**14**	(72)	4
Change to other financial payables	**25/28**	(4)	3
Paid financial charges		(93)	(65)
Payment to a future share capital increase	**22**	10,000	-
Cash flow from financing		**9,806**	**1**
Change in cash and cash equivalents		**4,504**	**(2,319)**
Cash and cash equivalents - initial balance		**2,080**	**4,399**
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	**21**	**6,585**	**2,080**

Statement of Changes in Shareholders' Equity

	Share capital	Share prem. res.	Res. Legal	Res. Extr.	Other res.	Act. val. reserve	Profit/(loss) carried forward	Reserve for the year	Total
Balances at 31 December 2014	**21,920**	**13,666**	**228**	**25**	**68,487**	**(516)**	**(86,478)**	**(3,517)**	**13,815**
Allocation of 2014 profit	-	-	-	-	-	-	(3,517)	3,517	-
reduction in share capital	(7,589)	(13,666)	(228)	(25)	(68,487)	-	89,995	-	-
Profit/(loss) for the period	-	-	-	-	-	259	-	(6,489)	(6,230)
Other changes	-	-	-	-	-	-	-		-
Balances at 31 December 2015	**14,331**	**-**	**-**	**-**	**-**	**(257)**	**-**	**(6,489)**	**7,585**
Allocation of 2015 profit	-	-	-	-	-	-	(6,489)	6,489	-
Release from debt and pmnts. 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**

EXPLANATORY NOTES

INTRODUCTION

TAS 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 87.557% by OWL S.p.A. (formerly TASNCH Holding), a subsidiary held indirectly by Dario Pardi, also Chairman of the Board of Directors of TAS S.p.A. 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 16 March 2017, for approval by the Shareholders' Meeting called for 26 April 2017 at the first call, and 28 April 2017 at the second call.

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

According to the Consob requirements, pursuant to art. 114 of Italian Legislative Decree 58/98, the following information is provided regarding the:

a) 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;
b) approval and progress status on Group's debt restructuring plan;
c) approval and/or status of implementation of the Group's business plan, highlighting possible disparities between actual and forecast figures.

a) 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
31.12.2016	2,687.00	16,910.00
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 in Note 1 on page 13 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.

According to the Restructuring Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2016, the financial parameters had been complied with.

b)
As already disclosed in press releases and particularly those of 29 April 2016, 17 May 2016, 29 July 2016 and 4 August 2016, to which we refer you for further details, and also as a result of the Consob decision of 29 July 2016, which confirmed exemption from the takeover obligations in connection with the indirect acquisition of the representative shareholding of 87,55% of TAS share capital, provided for and regulated by the contractual arrangements relating to the Operation, on 4 August 2016 the following were executed:

(i) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 100% of the share capital of Verde S.à.r.l. (“Verde”) from Rosso S.à.r.l. (“Rosso”) to GUM International s.r.l. (“GUM International”);
(ii) the agreement, concluded as part of the Operation, concerning the transfer free of charge of 58.2% of the share capital of OWL S.p.A. (“OWL”) from Verde to Alex s.r.l. (“Alex”); and
(iii) the agreement concluded on 17 May 2016 between the Creditor Banks, together with Banca IMI S.p.A. as agent, on the one hand, and Alex, GUM International, OWL, Verde, Rosso and European Opportunities Master Fund Limited (Audley EO), on the other hand, governing the relationship between the Creditor Banks and new investors.

Following the execution of these contracts, the TAS-Banking Agreement has also become effective.

As a result of activities carried out as part of the execution of the above agreements, it follows that, among other things:

(i) the company Verde is wholly owned by GUM International;
(ii) the share capital of OWL is currently divided between Alex, with a 58.2% stake, and Verde, owner of the remaining 41.8%. In turn, the share capital of Alex is divided between GUM International, holder of a 30% stake, and some important Italian investors who retain the remaining 70%;
(iii) Chairman of TAS Dario Pardi and CEO of TAS Valentino Bravi indirectly entered the share structure of TAS through GUM International, whose share capital is held, directly or indirectly, for 51% by Dario Pardi and his family and the remaining 49% by Valentino Bravi and his family;
(iv) Alex made a contribution to the share capital of OWL for Euro 10,000,000 (ten million) and the subsequent recapitalisation of TAS took place following a payment by OWL to TAS for the same amount of Euro 10,000,000 (ten million) for a future share capital increase, without repetition right;
(v) there was a reduction in the financial debt of TAS to the Creditor Banks for the amount of Euro 20,000,000 (twenty million), following the sale of receivables of the same amount by the Creditor Banks to OWL and the subsequent waiver, to the benefit of TAS, of those claims by OWL;
(vi) the remodelling of the repayment of TAS’s outstanding debt of EUR 5,000,000 (five million) to the Creditor Banks became effective.

As a result of the above, the conditions emerged for the preparation of the TAS financial statements on a going concern basis and the 2016–2020 Business Plan (hereinafter also "Plan") and related financial measures.

c)
The table below compares the main indicators with the final results at 31 December 2016:

In millions of Euro	Final data	Plan data	Delta
Total revenue	43.9	44.4	(0.5)
Total operating costs	(40.9)	(48.4)	7.5
Gross operating margin (EBITDA)	3.0	(4.0)	7.0
R&D costs	0.5	4.5	(4.0)
Gross operating margin (EBITDA)*	3.4	0.5	2.9
Operating result	(2.1)	(5.1)	2.9
Net profit	(3.2)	(8.5)	5.4
Net financial position	3.1	1.0	2.1

* EBITDA taking into account capitalised R&D costs

The final data reported at 31 December 2016, net of revenue items, are an improvement on the data forecast by the Plan, even excluding non-recurring revenues as more fully described in the Report on Operations. The net financial position compared to the Plan is more favourable by Euro 2.1 million.

2) VALUATION CRITERIA

REFERENCE ACCOUNTING STANDARDS

The Financial Statements for 2016 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved 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.

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.

Use of estimates and assumptions in the preparation of the annual Financial Statements

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
Customer List	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.

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:	
- Cellphones	25%
- Furniture and furnishings	12%
- Electronic office machinery	40%
- Hardware	40%

<u>Impairment of assets (impairment test)</u>

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.

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 12 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.

Cash and cash equivalents

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

FINANCIAL LIABILITIES

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.

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 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, and reproduces the contents of the previous agreement with C.I.B.
On 30 June 2014, the Company and the parent company OWL S.p.A. renewed the tax consolidation contract for a further three years.

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 1 JANUARY 2016 THAT ARE SIGNIFICANT FOR THE COMPANY

The following IFRS accounting principles, amendments and interpretation were applied for the first time by the Company as from 1 January 2016:

- Amendment to **IAS 19** "***Defined Benefit Plans: Employee Contributions***" (published on 21 November 2013): relating to the recognition of contributions made by employees or by third parties to defined benefit plans. The adoption of these amendments has not had any effect on the Company's financial statements.
- Amendment to **IFRS 11** ***Joint Arrangements*** – **"Accounting for acquisitions of interests in joint operations**" (published on 6 May 2014): relating to the recognition of acquisitions of interests in a joint operation, where the activity constitutes a business. The adoption of these amendments has not had any effect on the Company's financial statements.
- Amendment to **IAS 16** ***Property, plant and equipment*** and **IAS 41** ***Agriculture – "Bearer Plants"*** (published on 30 June 2014): bearer plants, i.e. fruit trees that produce annual crops (e.g. vines, nuts), should be accounted under the requirements of IAS 16 (rather than IAS 41). The adoption of these amendments has not had any effect on the Company's financial statements.
- Amendments to **IAS 16** – ***Property, plant and equipment*** *and to* **IAS 38** – ***Intangibles Assets "Clarification of acceptable methods of depreciation and amortisation"*** (published on 12 May 2014): according to which using revenue-based methods to calculate the amortisation of an asset was not appropriate, because the revenue generated by an asset that includes its usefulness generally represents aspects other than the economic benefits

arising from the asset, which is the prerequisite for amortisation. The adoption of these amendments has not had any effect on the Company's financial statements.

- Amendment to **IAS 1 "*Disclosure Initiative*" (**published on 18 December 2014): the purpose of the amendment is to provide clarification on aspects of disclosure that could be perceived as an impediment to a clear and intelligible preparation of the financial statements. The adoption of these amendments has not had any effect on the Company's financial statements.
- Amendment to **IAS 27 - Equity Method in Separate Financial Statements** (published on 12 August 2014): introduces the option of using the net equity method in the separate financial statements of an entity to measure shareholdings in subsidiaries, jointly controlled companies and associated companies. The adoption of these amendments has not had any effect on the Company's financial statements.
- Amendments to **IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception**(published on 18 December 2014), containing the amendments relating to issues that emerged subsequent to the application of the consolidation exception allowed for investment entities. The adoption of these amendments has not had any effect on the Company's financial statements.

Finally within the scope of the annual process to improve principles, on 12 December 2013 the IASB published the documents "**Annual Improvements to IFRSs**: **2010–2012 Cycle"** (including IFRS 2 Share Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on 25 September 2014, the document "**Annual Improvements to IFRSs: 2012–2014 Cycle**" (including: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) which partially integrate previous principles. 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 GROUP

The Company has not applied the following new and amended principles that have been issued, but are not yet applicable.

- 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, with early adoption permitted. The amendments to IFRS 15, *Clarifications to IFRS 15 – Revenue from Contracts with Customers*, as published by the IASB on 12 April 2016, have not yet been approved by the European Union. The Directors expect that applying IFRS 15 could have a significant impact on the amounts recorded as revenue and on the relative disclosure contained in the Company's Financial Statements. It is not possible to provide a reasonable estimate for these effects until the Company has conducted a detailed analysis of its contracts with customers.
- Final version of **IFRS 9 – *Financial Instruments*** (published on 24 July 2014). The document contains the results of the stages of Classification and valuation, impairment and hedge accounting of the IASB project aiming to replace IAS 39:
  - introduces new criteria for the classification and valuation of financial assets and 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 that replaces the previous versions of IFRS 9, must be applied to financial statements starting 1 January 2018 or later.
  The Directors do not expect that applying IFRS 9 could have a significant impact on the amounts and disclosures contained in the Company'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.

- On 13 January 2016, the IASB published principle **IFRS 16** – ***Leases*** *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 applied IFRS 15 - *Revenue from Contracts with Customers* in advance. The Directors do expect that applying IFRS 16 could have a significant impact on the recognition of leasing contracts and on the related disclosure contained in the Company's Financial Statements.
It is not possible to provide a reasonable estimate for these effects until the Company has conducted a detailed analysis of the relevant contracts.

- On 11 September 2014, the IASB published an amendment to **IFRS 10 and IAS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. 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.
- On 18 December 2014, the IASB published the document "**Investment Entities: *Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (published on 18 December 2014), containing the amendments relating to issues that emerged subsequent to the application of the consolidation exception allowed for investment entities. The amendments introduced by the document must be applied as from the periods starting 1 January 2016 or a subsequent date, with early adoption permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements, as the Company does not meet the requirements to be classified as an investment entity.
- On 19 January 2016 the IASB published the document "**Recognition of Deferred Tax Assets for Unrealised Losses**"**(Amendments to IAS 12)**", which contains the amendments to the international accounting principle IAS 12. The document aims to provide some clarification on the inclusion of deferred tax receivables on unrealised losses upon the occurrence of certain circumstances and on the estimated taxable income for future years. The amendments are applicable as from 1 January 2017, with early adoption permitted. The directors are currently evaluating the potential effects that the introduction of these amendments may have on the financial statements of the Group.
- On 29 January 2016 the IASB published the document "***Disclosure Initiative (Amendments to IAS 7)***", which contains the amendments to the international accounting principle IAS 7. 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. The amendments are applicable as from 1 January 2017, with early adoption permitted. It is not necessary to present comparative disclosures relating to prior financial years. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

- On 20 June 2016, the IASB published the document ”***Classification and measurement of share-based payment transactions (Amendments to IFRS 2)***”, 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, with early adoption 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: 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. 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 principle IFRIC 22 is applicable as from 1 January 2018, with early adoption 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 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, with early adoption permitted. The Directors do not expect the adoption of these amendments to have a significant effect on the Company's Financial Statements.

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.
As illustrated above, at 31 December 2015, the financial parameters had not been complied with. Consequently, as required by IAS 1, the relative payables under this agreement were reclassified under Current financial liabilities (from 0 to 1 year).

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	1,405	381	**2,879**
At 31 December 2015	**From 0 to 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Bank financing	21,678	-	-	**21,678**
Trade and other payables	18,285	-	-	**18,285**
Commitments: rents payable	600	450	-	**1,050**

8) FINANCIAL INSTRUMENTS BY CATEGORY

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

At 31 December 2016	Loans and receivables	Hedging derivatives	Total
Non-current financial assets	**557**	**-**	**557**
Derivatives	-	-	-
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 2015	Loans and receivables	Hedging derivatives	Total
Non-current financial assets	**494**	**-**	**494**
Derivatives	-	-	-
Other receivables	494	-	494
Current financial assets	**24,587**	**-**	**24,587**
Trade receivables and accruals and deferrals receivable	22,093	-	22,093
Other receivables	413	-	413
Cash and other equivalent assets	2,080	-	2,080

At 31 December 2016	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**4,038**	**-**	**4,038**
Derivatives	-	-	**-**
Financial payables	4,038	-	4,038
Current financial liabilities	**23,045**	**-**	**23,045**
Derivatives	**-**	-	-
Trade payables and accruals and deferrals payable	16,267	-	16,267
Other payables	6,770	-	6,770
Financial payables	8	-	8

At 31 December 2015	Other financial liabilities	Hedging derivatives	Total
Non-current financial liabilities	**-**	**-**	**-**
Derivatives	-	-	-
Financial payables	-	-	-
Current financial liabilities	**47,039**	**-**	**47,039**
Derivatives	**-**	-	-
Trade payables and accruals and deferrals payable	18,677	-	18,677
Other payables	6,683	-	6,683
Financial payables	21,678	-	21,678

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.

9)
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 negative, a result of the improvement in capital structure and financial position of the Group following the execution of the Operation:

	2016	**2015**
Financial assets/liabilities	3,525	21,229
Less: cash and cash equivalents	(6,585)	(2,080)
Net debt (A)	(3,060)	19,149
Net Equity (B)	32,726	7,585
Total Capital [(A) + (B)] = (C)	29,666	26,734
gearing ratio (A)/(C)	**-10%**	**72%**

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 2015.

NON-CURRENT ASSETS

10)
INTANGIBLE FIXED ASSETS

The balance for the item was made up as follows:

Intangible fixed assets	31/12/2016	31/12/2015	Change
Goodwill	15,393	15,393	-
Other intangible fixed assets	4,474	5,076	(603)
TOTAL	**19,867**	**20,469**	**(603)**

In line with the provisions of the international accounting principle IAS 36, an impairment test was carried out on 31 December 2016 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. 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, a weighted WACC was used, based on 2016 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 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 four-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 financial year 2016 final data, which is in line with 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: 5.9% – a decrease compared to the previous year (6.4%) mainly because of the drop in interest rates.
  The WACC, as mentioned above, was determined on the basis of the following values:
  a. Sector financial structure (debt/equity ratio = 1.44%)
  b. Risk free rate: 1.4%
  c. Sector unlevered beta: 0.76
  d. Risk premium: 5.7%
- 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 CGU
Average weighted rate of growth of income	6.2%
Average gross operating margin (EBITDA)	12.1%
Rate of growth in cash flow after plan period	2.0%
Post-tax discounting rate (WACC - post tax)	5.9%

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 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) for the TAS CGU at 31 December 2015, inclusive of 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 invested capital of the TAS CGU on 31 December 2016 was compared against the related value in use calculated on the basis of an 5.9% 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 (5.4%, 1.5%) or higher (6.4%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	93,559	80,539	70,474
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	73,320	60,300	50,235

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	78,272	67,429	59,039
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	58,033	47,190	38,800

“g”=1.5%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	81,832	71,612	63,473
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	62,593	51,373	43,234

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	68,547	60,026	53,233
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	48,308	39,787	32,994

“g”=2.5%

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	109,349	92,101	79,276
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	89,110	71,862	59,037

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

Amounts in €/000	**5.4% rate**	**5.9% rate**	**6.4% rate**
Value in use - TAS CGU	91,364	77,016	66,339
CIN carrying amount at 31 December 2016	20,239	20,239	20,239
Surplus value in use on book value	71,125	56,777	46,100

The item *Other intangible fixed assets* is broken down as follows:

Other intangible fixed assets	31/12/2016	31/12/2015	Change
Software developed internally	4,134	3,921	213
Industrial patents and intellectual property rights	128	-	128
Customer list	-	1,032	(1,032)
Other intangible fixed assets	212	124	88
TOTAL	**4,474**	**5,076**	**(603)**

Detailed movements for the last two years are reported below:

Description	Value on 31/12/2014	Increases for the year	Amortisation for the year	Value on 31/12/2015
- Software developed internally	3,526	3,977	(3,583)	3,921
- Customer list	2,801	-	(1,769)	1,032
- Others	207	56	(138)	124
TOTAL	**6,534**	**4,033**	**(5,490)**	**5,076**

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)	0
- Others	124	216	(128)	212
TOTAL	**5,076**	**4,588**	**(5,191)**	**4,474**

The balance of the item *Software developed internally*, which amounted to Euro 4,134 thousand, was made up of development costs which were capitalised as they meet the requirements of IAS 38.

Investments during the period were made in different areas and in particular:

- 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 designed for the international market and integrated with the Target2 and Target 2 Securities platform as well as with systems of triparty collateral management;
- in the **Electronic money** area: the continued forward development of the CashLess 3.0 platform, card issue and management solutions on Open technology; on the Card Issue side implementation goes ahead for the interview specifications of the Chinese network UnionPay International (UPI), 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. During the year new investment was injected into *Branch Transformation,* with the June launch of **EasyBranch**, an application with a suite of scalable and flexible solutions for the ATM channel, intended to accelerate banks' capacity during the process of transformation of its branches. Of these, **EasySelf solution**, comprising SW and HW, was one of **the three finalists for the Sesame Awards**

at Trustech, the annual international awards event for the most innovative solutions in the payments industry.

- In the **Payment systems** area: the course of the year TAS became **market leader in the area of Check Image Truncation**, gaining a central role in projects for migration **to the new system project protocols using the TAS Network Gateway solution.**
- 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 issued by AgID in support of the PagoPA project for access to the Payment Node by PSP (Payment Service Providers) and central and local public administration bodies. The analysis and development of corporate banking is also under way.

Special emphasis in all the above areas was given to the choice of investments and the internationalisation aspects of products, to ensure their best positioning in market sectors other than banks, with priority given to specific foreign markets (for example. the USA and South American market).

11)
TANGIBLE FIXED ASSETS

The balance for the item was made up as follows:

Tangible fixed assets	31/12/2016	31/12/2015	Change
Plants and machinery	23	24	(1)
Industrial and commercial equipment	3	4	(1)
Other assets	728	520	208
TOTAL	**754**	**548**	**206**

Detailed movements for the last two years are reported below:

Description	Value on 31/12/2014	Increases for the year	Reductions for the year	Amortisation for the year	Value on 31/12/2015
- Plants and machinery	38	7	(1)	(20)	24
- Industrial and commercial equipment	3	1	-	(1)	4
- Other assets	601	232	(0)	(313)	520
TOTAL	**643**	**240**	**(1)**	**(334)**	**548**

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**

The item Other assets relates mainly to electronic office equipment and furniture of the Company.

12)
EQUITY INVESTMENTS AND OTHER INVESTMENT SECURITIES

The balance for the item was made up as follows:

Investments and other securities	31/12/2016	31/12/2015	Change
Equity investments in subsidiaries	10,480	10,324	156
Equity investments in other companies	67	67	-
TOTAL	**10,547**	**10,391**	**156**

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	1,333	610	100.00	2,769
TAS Helvetia Sa	Prati Botta 22, Barbengo, Lugano -Switzerland	65	(405)	(263)	100.00	3,449
TAS Iberia SLU	Calle Santa Leonor, 61 Madrid Spain	20	51	(224)	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	640	13	99.00	1,457
TAS Usa Inc	One Liberty Plaza, 165 Broadway, 23rd floor New York, NY 10006 - USA	16	(1)	(31)	100.00	71
TAS Germany Gmbh	Humboldtstraße 3, 60318 Frankfurt	25	38	(109)	100.00	155
					Total	**10,480**

A detailed breakdown of the changes of shareholdings in subsidiaries in the last two years is given below:

Shareholdings in subsidiaries changes	31.12.2014	Increases	Decreases	Write-downs	31.12.2015
Shareholdings in Tas Helvetia	5,053	-	-	(1,604)	3,449
Shareholdings in Tas Americas	329	1,131	-	-	1,459
Shareholdings in Tas Iberia	2,579	-	-	-	2,579
Shareholdings in Tas France	2,769	-	-	-	2,769
Shareholdings in Tas Germany	-	25	-	-	25
Shareholdings in Tas USA	16	27	-	-	43
TOTAL	**10,746**	**27**	**-**	**-**	**10,324**

Shareholdings in subsidiaries changes	31.12.2015	Increases	Decreases	Write-downs	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**

The increases in the item *Shareholdings in subsidiaries* refer to the following events during the period:

- On 26 February 2016, TAS sold 10,088 TAS Americas shares to Massimiliano Quattrocchi for 1% of the share capital of TAS Americas.

- On 2 March 2016, TAS made a contribution to the share capital of the subsidiary TAS Usa for USD 30 thousand (Euro 28 thousand).

- In 2016 TAS made a contribution to the share capital of the subsidiary TAS Germany for Euro 130 thousand.

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	214,660	73,005	0.02	67
					Total	**67**

The shareholdings entered under assets referred to a long-term strategic investment by the Company.
The value of the SIA S.p.A. shareholding referred to the purchase as it is believed it approximates the fair value.
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.

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 2016, 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	1,333	610	100.00	2,769	(1,436)
TAS Helvetia SA*	(405)	(263)	100.00	3,449	(3,854)
TAS Iberia SLU	51	(224)	100.00	2,579	(2,528)
TAS Americas Ltd	640	13	99.00	1,457	(817)
TAS Usa Inc	(1)	(31)	100.00	71	(72)
TAS Germany Gmbh	38	(109)	100.00	155	(117)

* It should be noted that the value of shareholders' equity includes Euro 828 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 2016 ("Economic Value") with the relative accounting load values of the shareholdings on 31 December 2016.
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 four-year time frame, as reported in the 2016–2020 business plan, approved by the Board of Directors on 29 April 2016, as amply described above. 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 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:
    - 5.7% for the TAS Iberia CGU (6.4% last year);
    - 4.8% for the TAS France CGU (5.5% last year);
    - 4.3% for the TAS Helvetia CGU (4.7% last year);
    - 12.7% for the TAS Americas CGU (11.9% 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 = 1.44%)
    b. Risk free rate:
        i. 1.4% for the TAS Iberia CGU,
        ii. 0% for the TAS Helvetia CGU,
        iii. 1.8% for TAS Americas CGU
        iv. 0.5% for the TAS France CGU
    c. Sector unlevered beta: 0.76
    d. Risk premium: 5.7% 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	1.9%	5.0%	2.0%	1.5%
Average gross operating margin (EBITDA)	9.4%	17.3%	8.6%	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)	5.7%	12.7%	4.3%	4.8%

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 2016. 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 Iberia on 31 December 2016 was compared against the related economic value calculated on the basis of a 5.7% discount rate and a long-term growth rate "g" of 2%, selected by the company and with the economic value calculated on the basis of a discounting rate and a "g" rate that were respectively half a percentage point lower (6.2%, 1.5%) or higher (5.2%; 2.5%) than the parameters used.

"g"=2.0%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	4,386	3,800	3,351
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	4,278	3,692	3,243
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,698	1,113	663

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	3,978	3,450	3,045
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	3,870	3,342	2,937
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,290	763	358

"g"=1.5%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	3,877	3,419	3,055
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	3,769	3,311	2,947
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,190	732	368

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	3,523	3,109	2,780
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	3,415	3,001	2,672
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	836	422	93

"g"=2.5%

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	5,083	4,301	3,726
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	4,975	4,193	3,618
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	2,396	1,614	1,039

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

Amounts in €/000	**5.2% rate**	**5.7% rate**	**6.2% rate**
Value in use - TAS Iberia	4,602	3,899	3,381
PFN at 31 December 2016	-108	-108	-108
Economic value of shareholding in Tas Iberia	4,494	3,791	3,273
Load value of shareholding	2,579	2,579	2,579
Surplus value in use on book value	1,915	1,212	694

RESULTS OF SHAREHOLDINGS IN TAS HELVETIA

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 2016. 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 invested capital of TAS Helvetia on 31 December 2016 was compared against the related value in use calculated on the basis of an 4.3% 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 (4.8%, 1.5%) or higher (3.8%; 2.5%) than the parameters used.

As can be seen in the table below, the TAS Helvetia CGU could present a write down under certain scenarios. The risk profiles were not considered such that a higher write-down would result than what has been recorded.

“g”=2.0%

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	6,054	4,716	3,853
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	6,160	4,822	3,959
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	2,711	1,373	510

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

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	5,459	4,259	3,484
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	5,565	4,365	3,590
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	2,116	914	141

“g”=1.5%

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	4,785	3,909	3,297
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	4,891	4,015	3,403
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	1,442	566	-46

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

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	4,320	3,534	2,984
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	4,426	3,640	3,090
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	977	191	-359

“g”=2.5%

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	8,283	5,967	4,649
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	8,389	6,073	4,755
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	4,940	2,624	1,306

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

Amounts in €/000	**3.8% rate**	**4.3% rate**	**4.8% rate**
Value in use - TAS Helvetia	7,459	5,381	4,198
PFN at 31 December 2016	106	106	106
Economic value of shareholding in Tas Helvetia	7,565	5,487	4,304
Load value of shareholding	3,449	3,449	3,449
Surplus value in use on book value	4,116	2,038	855

Considering a rate “g” equal to 1.5% not reasonable for the business sector relevant to the CGU in question, the above tables respectively show a write-down for the TAS Helvetia CGU of Euro 46 thousand in the scenario with a WACC of 4.8% and 359 thousand assuming an EBITDA of the last year of the Plan of less than 10%. The risk profiles were not considered significant to the extent that a write-down was needed.

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 2016. 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 2016 was compared against the related economic value calculated on the basis of an 12.7% 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	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,255	2,146	2,047
PFN at 31 December 2016	181	181	181
Economic value of shareholding in Tas Americas	2,436	2,327	2,228
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	979	870	771

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

Amounts in €/000	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,076	1,978	1,889
PFN at 31 December 2016	181	181	181
Economic value of shareholding in Tas Americas	2,257	2,159	2,070
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	800	702	613

"g"=1.5%

Amounts in €/000	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,172	2,072	1,980
PFN at 31 December 2016	181	181	181
Economic value of shareholding in TAS Americas	2,353	2,253	2,161
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	896	796	704

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

Amounts in €/000	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,002	1,912	1,830
PFN at 31 December 2016	181	181	181
Economic value of shareholding in Tas Americas	2,183	2,093	2,011
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	726	636	554

"g"=2.5%

Amounts in €/000	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,346	2,227	2,120
PFN at 31 December 2016	181	181	181
Economic value of shareholding in TAS Americas	2,527	2,408	2,301
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	1,070	951	844

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

Amounts in €/000	**12.2% rate**	**12.7% rate**	**13.2% rate**
Value in use - TAS Americas	2,156	2,050	1,954
PFN at 31 December 2016	181	181	181
Economic value of shareholding in Tas Americas	2,337	2,231	2,135
Load value of shareholding	1,457	1,457	1,457
Surplus value in use on book value	880	774	678

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 2016. 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 invested capital of the TAS France CGU on 31 December 2016 was compared against the related value in use calculated on the basis of an 4.8% 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 (4.3%, 1.5%) or higher (5.3%; 2.5%) than the parameters used.

“g”=2.0%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	8,806	7,221	6,119
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	9,595	8,010	6,908
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	6,826	5,241	4,139

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	7,495	6,166	5,242
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	8,284	6,955	6,031
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	5,515	4,186	3,261

“g”=1.5%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	7,323	6,205	5,382
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	8,112	6,994	6,171
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	5,343	4,225	3,402

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	6,253	5,314	4,624
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	7,042	6,103	5,413
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	4,273	3,334	2,643

“g”=2.5%

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	11,119	8,683	7,122
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	11,908	9,472	7,911
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	8,139	6,703	5,140

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

Amounts in €/000	**4.3% rate**	**4.8% rate**	**5.3% rate**
Value in use - TAS France CGU	9,433	7,391	6,081
PFN at 31 December 2016	789	789	789
Economic value of shareholding in TAS France	10,222	8,180	6,870
Load value of shareholding	2,769	2,769	2,769
Surplus value in use on book value	7,453	5,411	4,101

13)

FINANCIAL FIXED ASSET RECEIVABLES

Financial fixed asset receivables amounted to Euro 500 thousand and related exclusively to security deposits:

Financial receivables	31/12/2016	31/12/2015	Change
Guarantee deposits for rentals	500	428	72
Receivables from related parties	-	-	-
TOTAL	**500**	**428**	**72**
Within the following year	-	-	-
From 1 to 5 years	500	428	72
More than 5 years	-	-	-
TOTAL	**500**	**428**	**72**
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)

OTHER NON-CURRENT RECEIVABLES

Other non-current receivables totalling Euro 57 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	31/12/2016	31/12/2015	Change
Receivables from personnel	57	65	(9)
Other	-	-	-
TOTAL	**57**	**65**	**(9)**
Within the following year	-	-	-
From 1 to 5 years	57	65	(9)
More than 5 years	-	-	-
TOTAL	**57**	**65**	**(9)**
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

15)
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 31/12/2016	Write-down provision	Net value at 31/12/2016	Gross value at 31/12/2015
Work in progress on order	3,095	-	3,095	2,586
Finished products and goods	-	-	-	-
TOTAL	**3,095**	**-**	**3,095**	**2,586**

16)
TRADE RECEIVABLES

The value of trade receivables, totalling Euro 22,314 thousand also included trade-related accruals and deferrals receivable, and was made up as follows:

Trade receivables	31/12/2016	31/12/2015	Change
Trade receivables	18,153	17,187	966
Receivables from related parties	558	322	236
Trade accruals and deferrals receivable	3,604	4,585	(981)
TOTAL	**22,314**	**22,093**	**221**
Within the following year	22,314	22,093	221
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**22,314**	**22,093**	**221**
Overdue – less than 1 month	374	785	(411)
Overdue – more than 1 month	1,003	421	582
TOTAL	**1,377**	**1,206**	**171**

Trade receivables amounted to Euro 18,153 thousand (net of the write-down provision of Euro 3,432 thousand), with a 6% decrease compared to the figure at 31 December 2015. It is noted that the *Trade receivables* figure at 31 December 2016 includes the resale to one of the Group's principal customers for Euro 4,914 thousand (Euro 5,438 thousand in 2015).
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 2016:

Write-down provision	31/12/2015	Provisions	Utilisation	31/12/2016
Write-down provision (trade receivables)	4,530	23	(1,121)	3,432
TOTAL	**4,530**	**23**	**(1,121)**	**3,432**

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	31/12/2016	31/12/2015	Change
Insurance	170	111	60
Rentals payable	2	2	-
Leases and maintenance and other services	155	149	6
Purchase of hardware/software for resale	3,080	4,204	(1,125)
Others	197	119	78
TOTAL	**3,604**	**4,585**	**(981)**

17)
OTHER RECEIVABLES

This item amounted to Euro 112 thousand and was made up as follows:

Other receivables	31/12/2016	31/12/2015	Change
Tax receivables	-	2	(2)
Receivables from personnel	64	74	(10)
Advances to suppliers	12	22	(10)
Various receivables	18	111	(92)
Receivables from related parties	18	-	18
TOTAL	**112**	**209**	**(97)**
Within the following year	112	209	(97)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**112**	**209**	**(97)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The movement in the write-down provision for other receivables is analysed below:

Write-down provision (other receivables)	31/12/2015	Provisions	Utilisation	31/12/2016
Write-down provision (other receivables)	59	-	(59)	-
TOTAL	**59**	**-**	**(59)**	**-**

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

18)
CURRENT TAX RECEIVABLES

Receivables for current taxes on income for Euro 169 thousand referred mainly IRAP tax advances and to the Company's direct taxes awaiting reimbursement:

Current tax receivables	31/12/2016	31/12/2015	Change
Current tax receivables	169	184	(14)
Receivables from related parties	-	-	-
TOTAL	**169**	**184**	**(14)**
Within the following year	169	184	(14)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**169**	**184**	**(14)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

19)
CURRENT FINANCIAL RECEIVABLES

The value of financial receivables due within 12 months totals Euro 21 thousand.

Current financial receivables	31/12/2016	31/12/2015	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.

20)
CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 6,585 thousand and were made up as follows:

Cash and cash equivalents	31/12/2016	31/12/2015	Change
Cash and cash equivalents	2	2	-
Bank and postal deposits	6,583	2,078	4,505
TOTAL	**6,585**	**2,080**	**4,505**

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:

Net Financial Position – financial statements	***31.12.2016***	***31.12.2015***
A. Cash and cash equivalents	(2)	(2)
B. Bank and postal deposits	(6,583)	(2,078)
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**(6,585)**	**(2,080)**
E. Current financial receivables	**(21)**	**(21)**
of which in respect of related parties	-	-
F. Current bank payables	7	12
G. Current portion of medium to long-term bank borrowings	-	21,641
H. Current financing from Shareholders	-	-
I. Other current financial payables	-	26
of which in respect of related parties	-	*26*
J. Payables and other current financial liabilities (F) + (G) + (H) + (I)	**8**	**21,678**
K. Current net financial debt (D) + (E) + (J)	**(6,598)**	**19,577**
L. Non-current bank payables	-	-
M. Non-current portion of medium to long-term bank borrowings	4,038	-
N. Non-current financing from Shareholders	-	-
O. Other non-current payables	-	-
P. Net non-current financial debt (L) + (M) + (N) + (O)	**4,038**	**-**
Q. Net financial debt CESR (K) + (P) (*)	**(2,560)**	**19,577**
R. Non-current financial receivables	**(500)**	**(428)**
S. Net financial debt(Q) + (R)	**(3,060)**	**19,149**

(*) 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* with the effects of the Operation went from a negative value of Euro 19,149 thousand at 31 December 2015 to a positive value of Euro 3,060 thousand at 31 December 2016.

Note that at 31 December 2015, as provided for by IAS 1, following the non-compliance with the covenants of the pool finance agreement, the liability under the previous contract had been fully reclassified under Current financial liabilities.

BALANCE SHEET INFORMATION

LIABILITIES AND NET EQUITY

21)
NET EQUITY

The Operation effected on 4 August 2016, resulting in the company's release from debt for Euro 20 million and the payment of a free future increase in share capital for Euro 10 million made it possible to overcome the significant situation, under art. 2446 of the Italian Civil Code, faced by the company at 31 December 2015.

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

Net Equity	31/12/2016	31/12/2015	Change
Capital	14,331	14,331	-
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	(412)	(257)	(156)
Profit/(loss) carried forward	(6,489)	-	(6,489)
Profit (loss) for the period	(3,188)	(6,489)	3,301
TOTAL	**32,726**	**7,585**	**25,141**

The Share capital was made up as follows:

Shares	Number	Nominal value
Ordinary shares	41,768,449	No value
Total	**41,768,449**	

No new shares were subscribed during the reference period.
Therefore on the closing date the following shares were in circulation: 41,768,449 ordinary shares with no nominal value.

It is noted however that 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.

The fair value reserve includes:

- the positive effect, equal to Euro 1,062 thousand, on the recognition of the pool financial debt renegotiated following the Operation;
- the negative effect, equal to Euro 2,577 thousand, on the release of the amortised cost of the pool financial debt.

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	2015
Actuarial valuation reserve 1.1.2015	**(516)**
Effect of actuarial valuation	259
Tax effect on actuarial valuation	-
Actuarial valuation reserve 31.12.2015	**(257)**

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)**

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	14,331	B		7,589	-
Capital reserve					
Share premium reserve	-	A,B,C	-	13,666	-
Payments for future share capital increases	20,000	A,B	20,000	-	-
Reserves in capital account	10,000	A,B	10,000	50,688	-
Other Reserves					
Reserve to cover conversion losses Shareholders Loan - TasNch				17,071	
Waiver of Vendor Loan				728	
Fair value reserve	(1,515)			-	
IAS 19 actuarial valuation reserve	(412)			-	
Profit reserve					
Legal Reserve	-	B	-	228	-
Extraordinary reserve		A,B,C		25	
Profit/(loss) carried forward	(6,489)	A,B,C	(6,489)	-	-
Total			**23,511**	**89,995**	**-**
Non-distributable portion			**23,511**		
Remaining distributable portion			**-**		

Key:

A: for capital increase

B: to cover losses

C: for distribution to shareholders

With regard to the comments on the Comprehensive Income Statement reference is made to Note 35 in this section.

NON-CURRENT LIABILITIES

22)
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)	31/12/2016	31/12/2015	Change
Employee severance indemnity provision	4,070	4,025	45
TOTAL	**4,070**	**4,025**	**45**

The movement was as follows:

employee severance indemnity provision changes	Year 15
Employee Severance indemnity provision 1.1.2015	**4,996**
Provision for the period	1,203
Interest costs	74
Amount paid to the INPS Treasury fund and other funds	(1,156)
Indemnities and advances paid during the year	(833)
Actuarial profit/(loss)	(259)
Employee Severance indemnity provision 31.12.2015	**4,025**

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**

Changes to liabilities included Euro 1,202 thousand of provisions for the period, of which Euro 1,178 thousand were paid to the INPS Treasury fund and other funds; there were uses for Euro 190 thousand, and a positive effect for the actuarial valuation for Euro 156 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	1.31%
Annual inflation rate: - **2016** - **2017** - **2018** - **2019** - **2020 and later**	 1.50% 1.80% 1.70% 1.60% 2.00%
Annual rate of increase in employee severance indemnity - **2016** - **2017** - **2018** - **2019** - **2020 and later**	 2.625% 2.850% 2.775% 2.700% 3.000%
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 31.12.2016	**TFR [Employee Severance Pay]**	**Delta**	**%**
+ 1% on turnover rate	4,047	- 23.33	-0.6%
- 1% on turnover rate	4,096	26.14	0.6%
+ 1/4% on annual inflation rate	4,131	60.95	1.5%
- 1/4% on annual inflation rate	4,010	- 59.72	-1.5%
+ 1/4% on annual discounting rate	3,975	- 95.59	-2.4%
- 1/4% on annual discounting rate	4,169	99.28	2.4%

23) PROVISIONS FOR RISKS AND CHARGES

The details of the provisions for risks and charges in the Balance Sheet are as follows:

Risk provisions	31/12/2016	31/12/2015	Change
Provision for risks	-	286	(286)
Other provisions	140	140	-
TOTAL	**140**	**426**	**(286)**

The movement was as follows:

Risk provision changes	Year 15
Opening balance at 1.1.2015	**408**
Increases	192
Utilisation	(173)
Risk provision at 31.12.2015	**426**

Risk provision changes	Year 16
Opening balance at 1.1.2016	**426**
Increases	-
Utilisation	(286)
Risk provision at 31.12.2016	**140**

The item *Other provisions* relates to orders where it is likely that the total cost will exceed the corresponding revenue.

24) NON-CURRENT FINANCIAL LIABILITIES

As already described, the Operation, executed on 4 August 2016, led to the company's release from debt for 20 million Euro and the remodelling of the repayment of the outstanding debt of Euro 5 million to the Creditor Banks.

Non-current financial liabilities for Euro 4,038 thousand referred only to the renegotiated pool loan:

Non-current financial liabilities	31/12/2016	31/12/2015	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	(962)	-	(962)
TOTAL	**4,038**	**-**	**4,038**
Within the following year	-	-	-
From 1 to 5 years	4,038	-	4,038
More than 5 years	-	-	-
TOTAL	**4,038**	**-**	**4,038**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

Note that following the non-compliance with the covenants of the pool finance agreement at 31 December 2015, the liability under the previous contract was reclassified under Current financial liabilities.

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 31.12.2016 (4)**	**Balance at 31.12.2016**
Line 2020	04/08/2016	31/12/2020	N.a.	N.a.	5,000	(1,063)	(962)	4,038
Pool loan					**5,000**	**(1,063)**	**(962)**	**4,038**

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

(2) The TAS-Creditor Banks Agreement provides for a Euribor percentage rate with a maturity of three 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 67.276% 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-Creditor Banks agreement:

	Covenant Details	
	EBITDA[9]	**Net Equity**
31.12.2016	€ 2,687.00	€ 16,910.00
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 Restructuring Agreement, default on the covenants occurs when both parameters have not been respected.
At 31 December 2016, the financial parameters had been complied with.

9 It should be noted that for the purposes of calculating the financial parameter, the EBITDA value, as defined in Note 1 on page 13 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.

CURRENT LIABILITIES

25)
TRADE PAYABLES

The value of trade payables, totalling Euro 16,267 thousand also included trade-related accruals and deferrals payable, and was made up as follows:

Trade payables	31/12/2016	31/12/2015	Change
Advances	200	247	(47)
Payables to suppliers	8,494	10,573	(2,079)
Payables to related parties	654	782	(128)
Trade accruals and deferrals payable	6,919	7,075	(156)
TOTAL	**16,267**	**18,677**	**(2,410)**
Within the following year	16,267	18,677	(2,410)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**16,267**	**18,677**	**(2,410)**
Overdue – less than 1 month	868	613	255
Overdue – more than 1 month	1,083	2,541	(1,458)
TOTAL	**1,951**	**3,154**	**(1,203)**

The figure for *Payables to suppliers* at 31 December 2016 includes the invoices for the resale to one of the Group's principal customers for a total of Euro 3,849 thousand (Euro 5,105 thousand in 2015).

The item *Advances* included the advances received from customers in relation to supply goods and services not yet completed.

As seen in the table, at 31 December 2016, there were overdue trade payables totalling Euro 1,951 thousand (Euro 3,154 thousand on 31 December 2015). It should be noted that in 2015 the overdue items included Euro 1,209 million related to disputed positions with two suppliers. On 11 July 2016 the first instance judgement was handed down for the case between the Company and a supplier, ruling in favour of TAS and ordering the other party to cover its legal fees amounting to 35 thousand Euros plus VAT and accessories. Following the settlement, the appeal application that had been served on the Company against the judgement in favour of TAS, will be dropped and the case will as a result be dismissed. The effects of the settlement amounted to an economic benefit of Euro 990 thousand, while the disputed value was Euro 1,107 thousand.

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	31/12/2016	31/12/2015	Change
Deferrals payable maintenance	210	720	(511)
Deferrals payable installation and consulting	2,402	2,484	(81)
Deferrals payable fees	274	448	(173)
Deferrals payable for resale hardware/software	4,028	3,414	614
Other accrued liabilities	4	9	(5)
TOTAL	**6,919**	**7,075**	**(156)**

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

26) OTHER PAYABLES

Other payables for Euro 6,770 thousand, related to:

Other payables	31/12/2016	31/12/2015	Change
Tax payables	1,863	1,848	15
Payables to social security institutions	1,803	1,779	23
Various payables	3,104	3,055	49
TOTAL	**6,770**	**6,683**	**87**
Within the following year	6,770	6,683	87
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**6,770**	**6,683**	**87**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

The details relating to other payables appear below:

Tax payables	31/12/2016	31/12/2015	Change
IRPEF payables	1,088	1,046	42
VAT payables	774	801	(28)
Other tax payables	2	1	1
TOTAL	**1,863**	**1,848**	**15**
Within the following year	1,863	1,848	15
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1,863**	**1,848**	**15**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

IRPEF payables relate to withholding tax on the December payroll.

Social security payables	31/12/2016	31/12/2015	Change
Payable to INPS [pension fund]	1,623	1,562	60
Payables to INAIL and other institutions	180	217	(37)
Other social security payables	-	-	-
TOTAL	**1,803**	**1,779**	**23**
Within the following year	1,803	1,779	23
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**1,803**	**1,779**	**23**
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	31/12/2016	31/12/2015	Change
Payables to personnel	2,867	2,770	97
Various other payables	238	286	(48)
TOTAL	**3,104**	**3,055**	**49**
Within the following year	3,104	3,055	49
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**3,104**	**3,055**	**49**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

There were no outstanding payables to employees on 31 December 2016.

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

27)
CURRENT FINANCIAL PAYABLES

Total current financial payables at 31 December 2016 were Euro 8 thousand.

Current financial payables	31/12/2016	31/12/2015	Change
Payables to banks	8	7	1
Payables to related parties	-	26	(26)
Loan in Intesa San Paolo pool (nominal value)	-	25,000	(25,000)
Effect of recognition at the amortised cost of pool finance	-	(3,359)	3,359
Financial accruals and deferrals	-	5	(5)
TOTAL	**8**	**21,678**	**(21,671)**
Within the following year	8	21,678	(21,671)
From 1 to 5 years	-	-	-
More than 5 years	-	-	-
TOTAL	**8**	**21,678**	**(21,671)**
Overdue – less than 1 month	-	-	-
Overdue – more than 1 month	-	-	-
TOTAL	**-**	**-**	**-**

As noted previously, at 31 December 2015, following the non-compliance with the covenants of the pool finance agreement in existence, the liability under that contract had been fully reclassified under current financial liabilities.

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 2016 and debt currency is as follows (nominal value):

Financial payables	zero rate	less than 5%	between 5% and 10.0%
Euro	8	5,000	-
USD	-	-	-
Real	-	-	-
CHF	-	-	-
TOTAL	**8**	**5,000**	**-**

As already mentioned, the renegotiated loan following the Operation of Euro 5 million provides for a Euribor percentage rate with a maturity of three months and a spread of 150 base points.

On the balance sheet date there was no financing exposed to fluctuations in interest rates.

The table below shows the changes in the Company's financial payables (book value):

Financial payables	31/12/2016	31/12/2015	Change
Non-current	4,038	-	4,038
Current	8	21,678	(21,671)
TOTAL	**4,046**	**21,678**	**(17,633)**

Changes	Year 15
Opening balance at 1.1.2015	**20,506**
Effect of recognition at the amortised cost of the new pool finance	1,161
Change in bank payables	12
Closing balance at 31.12.2015	**21,678**

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
Changes in other bank and financial payables	(29)
Closing balance at 31.12.2016	**4,046**

At 31 December 2016, the reserve of liquid assets was as follows:

Bank credit lines	Loans 31.12.2016	Utilisation 31.12.2016	Availability of credit 31.12.2016	Availability of credit 31.12.2015
Financing Lines (POOL)	5,000	(5,000)	-	-
Self-liquidating (POOL)	-	-	-	-
Total Bank Credit Lines	**5,000**	**(5,000)**	**-**	**-**
Factoring Lines	2,210	(646)	1,564	-
Total Factoring Credit Lines	**2,210**	**(646)**	**1,564**	**-**
Total Banking/Factoring Credit Lines	**7,210**	**(5,646)**	**1,564**	**-**
Cash and cash equivalents			**6,585**	**2,080**
Total			**8,148**	**2,080**

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 4,038 thousand.

The Company's liquidity reserve of Euro 8 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.

28) COMMITMENTS AND OTHER POTENTIAL LIABILITIES

Note that at 31 December 2016, the Company had commitments for rents payable totalling Euro 2.9 thousand of which Euro 1.1 million mature within one year.

It should be noted that the appeal notice served to the Company by a former consultant of DS Data Systems S.p.A. (a company controlled by NCH Network Computer House S.p.A., later C.I.B. S.p.A. but now definitively liquidated, and a former owner of the Company) against the first instance judgement in which it itself was partly unsuccessful, details of which are available in the previous financial statements, ended with a decision handed down on 22 March 2016. With this measure, the Court of Appeal rejected the main appeal demands of the ex-consultant and the cross-appeal of TAS, except for partially accepting the main demand that TAS makes provision for the main appellant to purchase a 90% stake in DS Data Systems Iberia S.A. at the price of Euro 500.00, and ordering TAS to pay the legal costs incurred by the other party. At the approval date of the draft Financial Statements, the terms for filing objections with the Court of Cassation had lapsed and neither of the parties had lodged an appeal. The judgement of the second instance is therefore permanently binding.

INFORMATION ON THE INCOME STATEMENT

Comments on the Income Statement follow. These are compared with the relevant figures for the corresponding period in 2015.
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.

29)
REVENUE

Revenue	31/12/2016	31/12/2015	Change	% Change
Revenue	41,236	42,725	(1,489)	(3.5%)
(of which in respect of related companies)	*442*	*457*	*(15)*	(3.3%)
Work in progress	509	353	155	44.0%
Other revenue	2,125	402	1,722	428.1%
(of which non-recurring)	990	-	990	-
(of which in respect of related companies)	*334*	*200*	*134*	*67.3%*
TOTAL	**43,869**	**43,480**	**388**	**0.9%**

At 31 December 2016 the Company recorded *Total revenue* for Euro 43,869 thousand, compared to Euro 43,480 thousand the previous financial year. These are made up as follows:

- Euro 41,744 thousand made up of revenue from typical management (Euro 43,078 thousand in 2015);
- Euro 2,125 thousand made up of other non-typical revenue (Euro 402 thousand in 2015).

Other revenues mainly include the economic benefit of Euro 990 thousand from the settlement agreement, signed on 22 December 2016 with a provider for supplies that were the subject of a dispute arising in the wake of a judgement in favour of the Company in first instance proceedings and the recorded income from tax credit on research and development costs of Euro 461 thousand pursuant to the Stability Law 2015 (art. 1, paragraph 35).

The details of core revenue by type are reported below:

Core revenue by type	31/12/2016	Impact %	31/12/2015	Impact %	Change	% Change
Licenses	4,488	10.8%	3,491	8.1%	998	28.6%
Maintenance	7,547	18.1%	7,976	18.5%	(429)	(5.4%)
Professional services	16,720	40.1%	17,485	40.6%	(765)	(4.4%)
Royalties and usage fees	4,121	9.9%	4,286	9.9%	(164)	(3.8%)
Support fees	4,190	10.0%	4,146	9.6%	44	1.1%
TOTAL CORE	**37,067**	**88.8%**	**37,383**	**86.8%**	**(316)**	**(0.8%)**
Resale revenue third party sftw and hrdw	4,677	11.2%	5,695	13.2%	(1,018)	(17.9%)
TOTAL	**41,744**	**100%**	**43,078**	**100%**	**(1,334)**	**(3.1%)**

It should be noted that the revenues from the core business of the company are in fact in line with the previous year (-0.8%); in particular, revenues from the use of the core software licenses grew by 28.6%.

The table below shows the distribution of core revenues by geographic area:

Revenue by geographic area	31/12/2016	Impact %	31/12/2015	Impact %	Change	% Change
Italy	37,187	89.1%	39,101	90.8%	(1,914)	(4.9%)
Germany	2,306	5.5%	1,903	4.4%	403	21.2%
Great Britain	561	1.3%	900	2.1%	(339)	(37.7%)
Brazil	292	0.7%	309	0.7%	(17)	(5.5%)
Switzerland	428	1.0%	88	0.2%	340	384.6%
Other	970	2.3%	777	1.8%	193	24.9%
TOTAL	**41,744**	**100.0%**	**43,078**	**100.0%**	**(1,334)**	**(3.1%)**

Revenues for the Italian area net of the above resale amounted to Euro 32,510 thousand compared to Euro 33,406 thousand in the corresponding period last year (-3% equal to Euro 896 thousand). The geographical area *Other* mainly includes the Czech Republic and Slovak Republic, the United States, Spain and Cuba.

31)
COSTS OF PRODUCTION

Costs of production for Euro 19,434 thousand are detailed in the table below:

Costs of services and other costs	31/12/2016	31/12/2015	Change	% Change
Raw materials, consumables and goods	4,139	5,400	(1,261)	(23.3%)
- of which capitalised development costs	*(494)*	*(409)*	*(85)*	*20.8%*
For services	13,132	11,104	2,028	18.3%
- of which non-recurring	*634*	*265*	*369*	>100.0%
- of which in respect of related companies	*1,574*	*1,280*	*294*	23.0%
- of which capitalised development costs	*(967)*	*(1,113)*	*146*	*(13.1%)*
For use of third-party assets	1,615	1,592	22	1.4%
Provision for risks	-	192	(192)	(100.0%)
- of which non-recurring	-	*192*	*(192)*	*(100.0%)*
Various management charges and other charges	548	1,942	(1,394)	(71.8%)
- of which non-recurring	*63*	*1,621*	*(1,557)*	*(96.1%)*
TOTAL	**19,434**	**20,230**	**(796)**	**(3.9%)**

As shown in the table, there were non-recurring costs totalling Euro 697 thousand, broken down as follows:

BALANCE SHEET ITEM	AMOUNT	DESCRIPTION
"Costs of services"	(634)	Consulting for financing renegotiation
Total	**(634)**	
"Other costs"	(63)	Costs for early retirement
Total	**(63)**	
TOTAL NON-RECURRING COSTS	**(697)**	

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.

The item *Other costs* referred to transactions relating to incentives for staff early retirement and associated costs.

The decrease in *Raw material consumables* is linked mainly to the resale of hardware and software to one of the Group's principal customers referred to on a number of occasions, which at 31 December 2016 impacted for Euro 4,071 thousand (Euro 5,285 thousand at 31 December 2015).

Personnel costs, the highest payable item on the Income Statement, went from Euro 20,830 thousand to Euro 20,989 thousand, recording an increase of 0.8% compared to 2015. Excluding development costs, the increase was for 2% (Euro 455 thousand).

Personnel costs	31/12/2016	31/12/2015	Change	% Change
Salaries and wages	17,341	16,914	428	2.5%
Social security contributions	5,197	5,161	36	0.7%
TFR provision	1,202	1,203	(0)	(0.0%)
Other costs	0	8	(8)	(97.8%)
Capitalised development costs	(2,752)	(2,456)	(296)	12.1%
TOTAL	**20,989**	**20,830**	**159**	**0.8%**

The table below illustrates the TAS Group staff at 31 December 2016:

Staff	31/12/2016	31/12/2015	Change
- Managers	26	26	-
- Executive	100	99	1
- Workers	238	228	10
TOTAL	**364**	**353**	**11**

The *Cost of services* for Euro 13,132 thousand were made up as follows:

Costs of services	31/12/2016	31/12/2015	Change	% Change
Consulting	2,099	1,251	848	67.8%
Insurance	284	277	7	2.4%
Software design and development	3,316	3,543	(228)	(6.4%)
- of which capitalised development costs	*(967)*	*(1,113)*	*146*	(13.1%)
Professional services from third parties for resale	2,562	1,931	631	32.7%
Telephone and energy bills	282	311	(29)	(9.3%)
Royalties payable	148	74	75	>100.0%
Cash remuneration to directors and auditors	460	401	59	14.8%
Travel costs	803	753	50	6.6%
Outsourced IT services	1,073	870	203	23.3%
Maintenance and repair fees	191	181	10	5.6%
Advertising, trade fairs and sponsorships	326	145	181	>100.0%
Other services	1,587	1,367	220	16.1%
TOTAL	**13,132**	**11,104**	**2,028**	**18.3%**

The increase in costs of services is mainly due to an increase in costs for legal and financial consulting related to the Operation and to an increase in professional services for resale. The increase in costs of "Advertising, trade fairs and sponsorships" as well as "Consulting" are largely due to the internationalisation process – one of the three pillars of the business plan.

The item *Costs for use of third-party assets* for Euro 1,615 thousand was made up as follows:

Costs for use of third-party assets	31/12/2016	31/12/2015	Change	% Change
Rent of premises	1,222	1,207	15	1.3%
Leasing and hiring	393	386	7	1.8%
TOTAL	**1,615**	**1,592**	**22**	**1.4%**

32)
AMORTISATIONS, DEPRECIATIONS AND IMPAIRMENT REVERSALS

This item went from Euro 7,599 thousand to Euro 5,595 as follows:

Amortisations, depreciations and impairment reversals	31/12/2016	31/12/2015	Change	% Change
Capitalised software	3,999	3,583	416	11.6%
Other intangible fixed assets	1,192	1,907	(716)	(37.5%)
Tangible fixed assets	382	334	48	14.3%
Impairment of shareholdings	-	1,604	(1,604)	(100.0%)
Impairment of trade receivables and other receivables	23	171	(148)	(86.6%)
TOTAL	**5,595**	**7,599**	**(2,004)**	**(26.4%)**

The decrease of the item *Other intangible fixed assets* is related to the 2016 termination of the amortisation period of the *Customer list*. The year 2015 was also affected by the devaluation of the investment in TAS Helvetia following the results of the impairment tests.

33)
FINANCIAL INCOME AND CHARGES

The balance of financial management was negative for Euro 1,039 thousand and was made up as follows:

Financial income/(expenses)	31/12/2016	31/12/2015	Change	Change %
Income from non-current receivables	9	8	1	12.1%
Other income	3	1	2	178.7%
TOTAL FINANCIAL INCOME	**12**	**9**	**3**	**31.7%**
Interest payable and other financial charges	(1,033)	(1,310)	276	(21.1%)
Exchange rate losses	(18)	(10)	(8)	80.6%
TOTAL FINANCIAL CHARGES	**(1,051)**	**(1,320)**	**268**	**(20.3%)**
TOTAL RESULT OF FINANCIAL MANAGEMENT	**(1,039)**	**(1,311)**	**271**	**(20.7%)**

The item *Interest payable and other financial charges,* which went from Euro 1,310 thousand in 2015 to Euro 1,033 thousand at 31 December 2016, included:

- interest payable on loans, current bank accounts and factoring accounts for Euro 31 thousand (Euro 3 thousand in 2015);
- bank charges for Euro 65 thousand (Euro 72 thousand in 2015);
- the effect for the period for Euro 882 thousand relating to the recognition of the amortised cost of the pool finance (Euro 1,161 thousand in 2015);
- the effect for the period for Euro 55 thousand (Euro 74 thousand in 2015) 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 Company 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 94 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 2016, 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 Euro + million. It is worth highlighting that following the execution of the Operation, and more specifically the waiver by the Parent Company OWL S.p.A. regarding Bank Receivables for Euro 20 million in respect of TAS, in the 2016 tax return, previous losses for about Euro 4.2 million will be utilised, in application of art. 88, paragraph 4 of the Consolidated Law on Income Tax (TUIR).

The reconciliation of the IRES and IRAP tax charges is reported below:

Reconciliation of tax charges	31/12/2016	31/12/2015
Pre-tax profit	(3,188)	(6,489)
Theoretical rate (IRES)	27.5%	27.5%
Theoretical taxes	(877)	(1,784)
Higher taxes from non-deductible costs	5,319	1,480
Less taxes from non-taxable income/deductible costs	(904)	(419)
Net variation in deferred tax recorded and not recorded	(3,539)	722
IRAP (regional business tax)	-	-
TOTAL	**-**	**-**

35)
OTHER PROFIT/(LOSS)

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

Other profit/(loss)	31/12/2016	31/12/2015	Change
Actuarial profit/(loss) on defined benefit plans	(156)	259	(415)
Income tax relating to Other profit/(loss)	-	-	-
Total Other profit/(loss), net of tax effect	**(156)**	**259**	**(415)**

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 2016, 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 2016:

	TAS HELVETIA SA	TAS FRANCE EURL	TAS IBERIA SLU	TAS AMERICAS LTDA	OWL SPA	CONTENT INTERFACE ITALIA SRL	GUM CONSULTING S.R.L.
Trade receivables	-	-	266	292	-	-	-
Other receivables	-	-	18	-	-	-	-
Trade payables	(258)	(98)	-	(144)	(128)	-	(25)
Costs							
Raw material consumables	-	-	(16)	-	-	-	-
Costs of services	(827)	(113)	(176)	(72)	(156)	(83)	(148)
Revenue							
Revenue for services	-	-	150	292	-	-	-
Other revenue	1	333	-	-	-	-	-

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.
- The balance of the trade receivables from the subsidiary TAS Iberia for Euro 266 thousand referred 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 between the Content Interface Italia, a company in which the Chairman Dario Pardi was sole director until 6 July 2016, referred to work on projects and orders for the Company. The balance of the costs of services includes the compensation as Chairman of the Company's Board of Directors for the first quarter of 2016. From the second quarter of 2016 the compensation was invoiced by the affiliated company Gum Consulting, of which referred Dario Pardi is the majority shareholder.

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			
Other intangible fixed assets	4,474	-	0.0%
Trade receivables	22,314	558	2.5%
Current financial receivables	21	-	0.0%
Other receivables	112	18	16.0%
Trade payables	(16,267)	(654)	4.0%
Non-current financial liabilities	(4,038)	-	0.0%
Current financial payables	(8)	-	0.0%
Other payables	(6,770)	-	0.0%
b) Impact of related-party transactions on items on the Income Statement			
Raw material consumables	(4,139)	(16)	0.4%
Costs of services	(13,132)	(1,574)	12.0%
Other costs	(2,163)	-	0.0%
Trade revenue	41,236	442	1.1%
Other revenue	2,125	334	15.7%
c) Impact of related-party transactions on cash flow			
Financial revenue	12	-	0.0%
Financial charges	(1,051)	-	0.0%

38)
NUMBER OF EMPLOYEES

Staff	**31/12/2016**	**31/12/2015**	**Change**
- Managers	26	26	-
- Executive	100	99	1
- Workers	238	228	10
TOTAL	**364**	**353**	**11**

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 2016.

Name and Surname	Position held during the year	Period in which the position was held	Expiry of office[10]	Emoluments payable for position within TAS S.p.A. *	Non-monetary benefits **	Bonuses and other incentives ***	Other benefits ****
Dario Pardi	Chairman	1/01–31/12/2016	Approval of 2016 Financial Statements	45,000		80,000	
Valentino Bravi	Chief Executive Officer	1/01–31/12/2016	Approval of 2016 Financial Statements	45,000	3,140		300,000
Paolo Colavecchio	Board member	1/06–31/12/2016	Approval of 2016 Financial Statements	8,750	641		100,000
Enrico Pazzali	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Riccardo Pavoncelli	Board member	1/01–06/03/2016	Resigned	2,500			
Giovanni Damiani	Board member	1/01–18/07/2016	Resigned	10,833			
Carlotta De Franceschi	Board member	1/11–31/12/2016	Approval of 2016 Financial Statements	3,333			
Luca Di Giacomo	Board member	1/01–14/12/2016	Resigned	19,167			
Giancarlo Albini	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Roberta Viglione	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	25,000			
Suzan Andrèe Bazile	Board member	1/01–31/12/2016	Approval of 2016 Financial Statements	20,000			
Total directors' remuneration				**229,583**	**3,781**	**80,000**	**400,000**
Carlo Ticozzi Valerio	Chairman	1/01–31/12/2016	Approval of 2016 Financial Statements	41,652			
Antonio Mele	Standing Auditor	1/01–31/12/2016	Approval of 2016 Financial Statements	31,200			
Simonetta Bissoli	Standing Auditor	1/01–31/12/2016	Approval of 2016 Financial Statements	31,222			
Total auditors' remuneration				**104,074**	**-**	**-**	**-**
TOTAL REMUNERATION				**333,657**	**3,781**	**80,000**	**400,000**
Directors with strategic responsibilities*****					**1,963**	**3,000**	**317,167**

* 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

[10] Following the Operation, the Board of Directors will submit its resignation at the Shareholders' Meeting of 26 April 2017 in order to allow for the appointment of new members of the management body.

ANNEX 1:

The basic data of the parent company OWL S.p.A. (formerly TASNCH Holding 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 2015. For a full and complete understanding of the Balance Sheet and financial situation of TASNCH Holding S.p.A. at 31 December 2015, 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.

TASNCH HOLDING 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**	**31/12/2015**	**31/12/2014**
A Receivables from shareholders for outstanding payments	-	-
B Fixed assets	-	-
C Current assets	20,979,368	20,992,293
D Accruals and deferrals	-	-
TOTAL ASSETS	**20,979,368**	**20,992,293**
LIABILITIES **Amounts in Euro**	**31/12/2015**	**31/12/2014**
A Net Equity	20,878,256	20,886,809
Share capital	*120,000*	*120,000*
Reserves	*20,876,662*	*20,876,662*
Profit/(loss) carried forward	*(109,854)*	*(95,610)*
Profit (loss) for financial year	*(8,552)*	*(14,243)*
B Provisions for risks and charges	-	-
C Severance pay for end of employment	-	-
D Payables	101,112	105,484
E Accruals and deferrals	-	-
TOTAL LIABILITIES	**20,979,368**	**20,992,293**
INCOME STATEMENT **Amounts in Euro**	**31/12/2015**	**31/12/2014**
A Value of production	165,734	136,011
B Costs of production	(173,913)	(150,126)
C Financial income and charges	213	214
D Impairment of financial assets	-	-
E Extraordinary income and expenses	-	(1)
Income tax for financial year	(586)	(341)
Profit (loss) for the period	**(8,552)**	**(14,243)**

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 2016.

It is also hereby certified that the Financial Statements at 31 December 2016:

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, 16 March 2017

Chief Executive Officer
Valentino Bravi

Financial Reporting Officer
Paolo Colavecchio

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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.