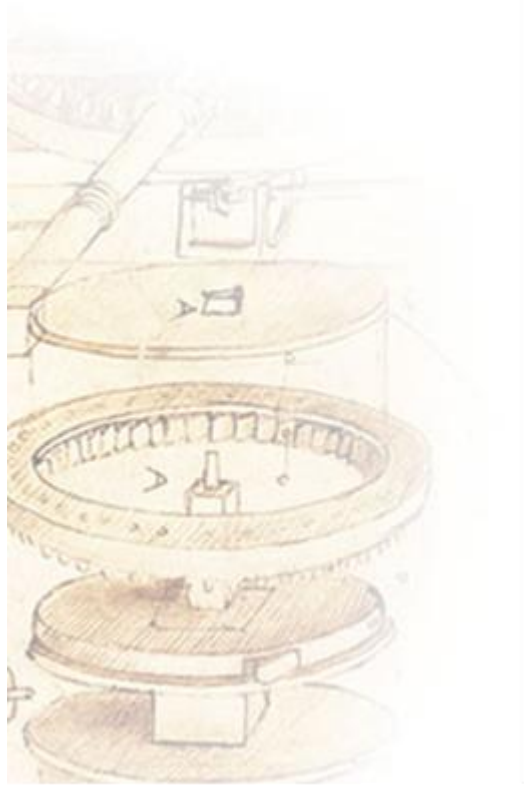




**Interim Report on Operations
as at 30 September 2016**



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SIGNIFICANT GROUP FIGURES AND RESULT INDICATORS

The table below gives a summary of the main consolidated economic, capital and financial data of the group as reported in the balance sheet, compared to the figures as at 30 September 2016, 30 September 2015 and 31 December 2015.

	30.09.2016	30.09.2015	31.12.2015
Total production revenues	101,728,362	106,096,532	144,812,442
net proceeds and variation to work in progress to order	98,429,816	102,178,694	139,360,862
increase to assets for internal work	1,308,388	1,005,048	1,358,828
other proceeds and contributions	1,990,158	2,912,790	4,092,752
Difference between costs and production proceeds (EBITDA)	8,312,999	10,026,556	15,311,239
% on production proceeds	8.2%	9.5%	10.6%
Net operating result (EBIT)	4,903,318	5,875,392	9,994,017
% on production proceeds	4.8%	5.5%	6.9%
Net result	2,076,739	1,898,796	4,597,608
Group net equity	73,829,525	70,892,123	73,402,218
Total assets	206,143,808	181,517,967	178,808,809
Capital stock	25,252,359	25,850,418	25,754,016
Net working capital (1)	33,062,294	26,522,637	32,798,089
Cash flow (2)	6,094,500	4,286,511	7,909,996
Fixed capital (3)	102,575,693	89,474,691	91,065,368
Investment	12,942,698	2,011,515	2,452,257
Cash resources/bonds (a)	12,217,525	10,390,244	10,317,640
Short-term financial debts (b)	(24,827,852)	(31,829,715)	(37,109,580)
Medium-/long-term financial debts (c)	(28,408,513)	(9,771,487)	(9,522,335)
Net financial position (4)	(41,018,840)	(31,210,958)	(36,314,275)

(1) - "Net working capital" is calculated as the sum of total current assets less

cash at bank and on hand and total current liabilities plus current bank debt

(2) - Cash flow is calculated as the sum of net profit (loss) adjusted by amortisation, changes in employee severance indemnities and write-downs

(3) - "Fixed capital" is equal to total non-current assets

(4) - Net financial position = a - (b + c)

The table below shows the main economic indicators of the Group as at 30 September 2016, compared with the same period of the previous year.

For the calculation of ROE and ROI, it was decided to adopt an annual "rolling" approach using as a reference for net profit and operating income the periods from 1 October 2015 - 30 September 2016 for figures as at 30 September 2016 and 1 October 2014 - 30 September 2015 for figures as at 30 September 2015.

Exprivia Group	30/09/2016	30/09/2015
Index ROE (Net income / Equity Group)	6.47%	4.87%
Index ROI (EBIT / Net Capital Invested) (5)	7.58%	9.59%
Index ROS (EBIT / Revenues from sales and services, net of changes in inventories of raw materials and finished products)	4.98%	5.75%
Financial charges (6) / Net profit	0.956	1.003

(5) **Net Capital invested** is equal to net working capital plus non-current assets net of total non-current liabilities (excluding bank debt and bond issues)

(6) **Financial expenses** : calculated net of interest cost IAS 19

The table below shows the main capital and financial indicators of the Group as at 30 September 2016, 30 September 2015 and 31 December 2015.

Exprivia Group	30/09/2016	30/09/2015	31/12/2015
Net Financial Debt / Equity Capital	0.56	0.44	0.49
Debt ratio (Total Liabilities / Equity Capital)	2.79	2.56	2.44

SUMMARY OF THE OPERATIONS IN THE THIRD QUARTER OF 2016

A summary of the main consolidated economic, capital and financial data of the Group is reported below, prepared in accordance with International Financial Reporting Standards (IAS/IFRS), and particularly with standard IAS 34, as emerging from the situation as at 30 September 2016 and the third quarter of 2016, compared with the same period of the previous year.

Exprivia Group (value in K €)	30.09.2016	30.09.2015	Variations %	Q3 2016	Q3 2015	Variations %
Revenues	101,728	106,097	-4.12%	34,097	32,494	4.93%
Net revenues	98,430	102,179	-3.67%	32,762	31,743	3.21%
EBITDA	8,313	10,027	-17.09%	4,265	3,130	36.26%
EBIT	4,903	5,875	-16.54%	2,975	2,049	45.19%
Pre-tax result	2,803	4,071	-31.15%	2,269	1,474	53.93%
Result	2,077	1,899	9.37%	1,517	818	85.45%

The Group closed the first nine months of the year with consolidated revenues of Euro 101.7 million, compared to Euro 106.1 million in the same period of last year. The decrease in volumes was still impacted by phenomena taking place in the first half of the year, in relation to foreign markets and BPO delays.

Overall, third quarter performance was good and showed a trend reversal, with a significant increase in profitability and EBITDA equal to Euro 4.3 million, up 36.2% compared to the third quarter of last year. In the third quarter, the company ACS, which operates in the space technologies sector, was consolidated and contributed Euro 2.5 million in revenues to the group and had an EBITDA of Euro 0.7 million during the same period.

In the third quarter of 2016, **consolidated revenues** amounted to Euro 34.1 million with a 4.93% increase compared to the revenues in the same period of the previous financial year (Euro 32.5 million).

Consolidated net revenues amounted to Euro 32.8 million in the third quarter of 2016, with a 3.21% increase compared to the same period in the previous financial year (Euro 31.7 million).

Consolidated **EBITDA** in the third quarter of 2016 amounted to Euro 4.3 million (Euro 3.1 million in 2015) equal to 12.51% of revenues. Consolidated **EBIT** in the third quarter of 2016 amounted to Euro 3 million (Euro 2 million in 2015) equal to 8.73% of revenues. **Pre-tax result** in the third quarter of 2016 amounted to Euro 2.3 million, equal to 6.65% of consolidated revenues, compared to Euro 1.5 million in the third quarter of 2015.

The **net financial position** as at 30 September 2016 was a negative Euro 41 million, compared to Euro -36.3 million as at 31 December 2015. Group **Shareholders' equity** totalled Euro 73.8 million as at 30 September 2016, compared to Euro 73.4 million as at 31 December 2015.

Exprivia Group (value in K €)	30.09.2016	30.09.2015	31.12.2015
Group Net Worth	73,830	70,892	73,402
Net Financial Position	(41,019)	(31,211)	(36,314)

CORPORATE BODIES

Board of Directors

As at 30 September 2016 the Board of Directors of Exprivia SpA, whose term of office will expire when the year-end 2016 financial statements are approved, was composed as follows:

Board Member	Office	Executive/ Non- Executive	Place and Date of Birth	Gender	First Appointment
Domenico Favuzzi	Chairman and Chief Executive Officer	Executive	Molfetta (BA) 18.04.62	M	29 June 2005
Dante Altomare	Vice Chairman	Executive	Molfetta (BA) 18.09.54	M	29 June 2005
Vito Albino	Independent Director (*)	Non-Executive	Bari 10.09.57	M	12 March 2013
Angela Stefania Bergantino	Independent Director (*)	Non-Executive	Messina 24.09.70	F	23 April 2014
Rosa Dalosis	Director	Non-Executive	Margherita di Savoia (FG) 05.04.66	F	31 March 2008
Mario Ferrario	Director	Non-Executive	Padua 05.02.46	M	23 Aprile 2014
Marco Forneris	Director	Non-Executive	Caluso (TO) 19.02.51	M	28 Aprile 2011
Alessandro Laterza	Independent Director (*)	Non-Executive	Bari 09.02.58	M	31 March 2008
Valeria Savelli	Director	Non-Executive	Matera 15.10.62	F	28 April 2011
Gianfranco Viesti	Independent Director (*)	Non-Executive	Bari 09.08.58	M	23 Aprile 2014

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

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

The Board of Directors is vested with all the broadest powers necessary for ordinary and extraordinary management of the company without any exception and all options are available to pursue the company purpose. Thus, it can undertake any type of obligation and perform any act without limitation as all operations fall within the scope of their competence with the exception of any matters expressly delegated by law to the shareholders' meeting.

Board of Statutory Auditors

As at 30 September 2016 the Board of Statutory Auditors, whose term of office will end when the year-end 2016 financial statements are approved, was composed as follows:

Board Member	Office	Place and Date of Birth	Gender
Ignazio Pellecchia	Chairman	Bari 28.06.68	M
Anna Lucia Muserra	Regular Auditor	Genoa 21.09.62	F
Gaetano Samarelli	Regular Auditor	Molfetta (BA) 07.12.45	M
Valeria Cervellera	Substitute Auditor	Bari 07.08.69	F
Mauro Ferrante	Substitute Auditor	Bisceglie (BA) 01.11.64	M

Independent Auditors

On 23 April 2014, the shareholders' meeting appointed **PricewaterhouseCoopers SpA** as independent auditors for the years 2014 – 2022.

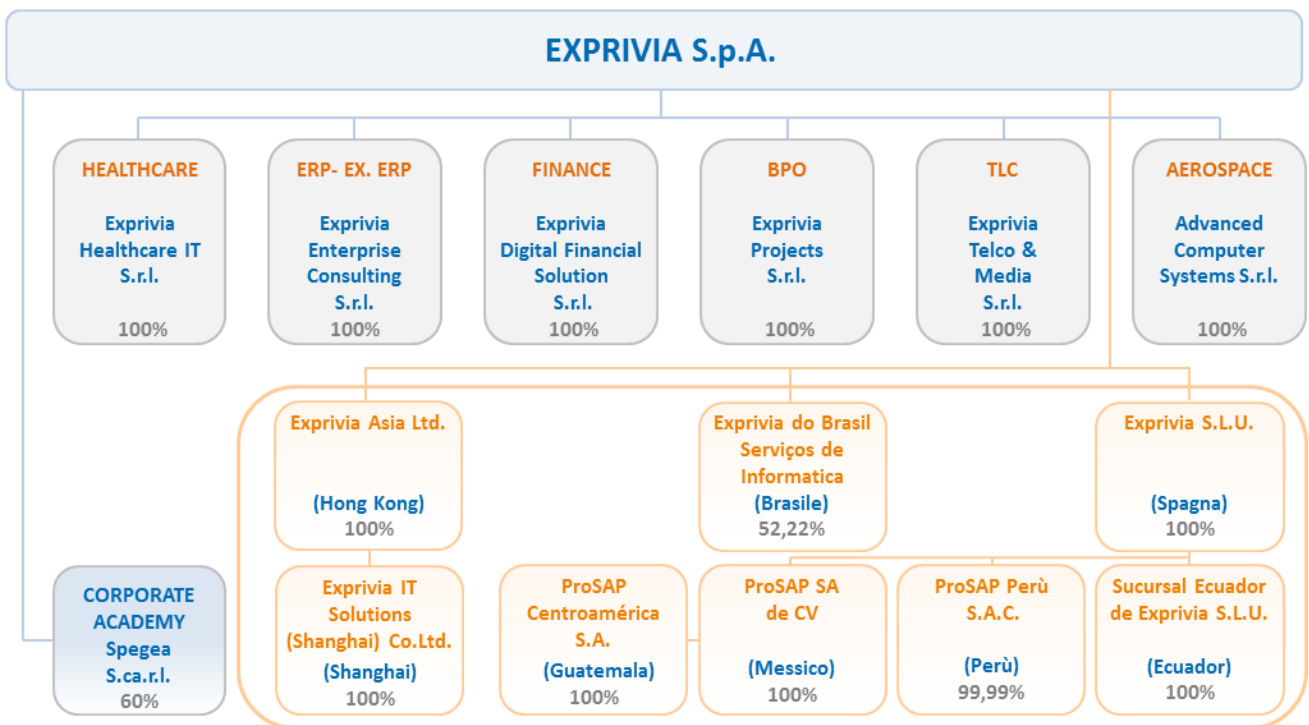


EXPRIVIA: FUTURE. PERFECT. SIMPLE.

Exprivia is an international group which today employs more than 1800 professionals who can enable the digital transformation process by means of solutions that affect the customer’s entire value chain. Exprivia stands out due to its reliability in managing complex projects by connecting and integrating vertical and horizontal, internal and external skills and its capacity to create ad hoc solutions which are easy to use as well as to update, as they are based on continuous research and innovation.

Strong from its know-how and experience gained in more than 30 years of constant presence in the market, Exprivia has a team of experts specialised in the various technological areas and domains, from big data to the cloud, from the IoT to Mobile, from the SAP world to IT Security, distributed amongst its various locations in Italy and abroad (Europe, America and Asia). Listed on the stock exchange’s MTA STAR segment since 2000, Exprivia works alongside its customers in the banking & finance, utilities, industry, telco & media, aerospace & defence, public administration and healthcare sectors.

The Group



Exprivia Projects Srl is 100% owned by Exprivia. It is based in Rome and has share capital of Euro 242,000.00 (fully paid-up). It is specialised in designing and managing services and infrastructure for Call Centres, Contact Centres and Helpdesk services.

Exprivia Healthcare IT Srl is 100% owned by Exprivia. It is based in Trento and has share capital of Euro 1,982,190.00 (fully paid-up). It is a leading ICT company in the healthcare IT sector with a broad and diverse customer base. It develops and manages healthcare IT systems based on proprietary solutions and web-oriented technologies, in addition to operating in the field of IT systems and software applications for regional public administration.

Exprivia Enterprise Consulting Srl, wholly-owned by Exprivia, based in Milan and with fully paid-up share capital of Euro 1,500,000.00, represents the ERP / SAP centre of competence for the entire Exprivia Group in Italy and abroad; in addition to directly serving the manufacturing market in Italy, it provides other Group companies with the technical resources needed to develop SAP projects within their relevant product sector.

Exprivia Digital Financial Solution Srl, wholly-owned by Exprivia, based in Milan and with fully paid-up share capital of Euro 1,586,919.00, is a leader in Italy in the outsourcing of IT, legal and administrative services targeted at factoring companies, and supports the various phases of the credit life cycle with proprietary solutions.

Exprivia Telco & Media Srl, formerly Devoteam Ausytem, 100%-owned by Exprivia, based in Milan and share capital of Euro 1,200,000.00, has operated in the Italian market for more than 15 years as a reference company in the Telecommunications and Media sector.

ACS Srl., 100%-owned by Exprivia, has operated in the market for more than twenty years and develops ground stations for the reception and processing of satellite data, a sector in which it has reached a top global position. The company is based in Rome and Matera and also has a branch in Darmstadt, Germany.

Spegea S.C.a r.l. is 60% owned by Exprivia and has fully paid-up share capital of Euro 125,000.00. It is a School of Management based in Bari, organises and manages specialised seminars, training courses for companies and public administration in addition to the “Master in Management and Industrial Development” programme certified by ASFOR. It was founded 28 years ago by Confindustria Bari with the support of banks and institutions.

Consorzio Exprivia Scarl, 70% owned by Exprivia SpA, with the remaining 30% held by other Group companies wholly-owned by the holding company. This consortium's objective is to facilitate the Exprivia Group's participation in public tenders for project development and service provision.

Foreign Companies

Exprivia SLU, a Spanish company 100%-owned by Exprivia, is the result of the merger by incorporation of the companies previously operating in Spain, Exprivia SL and Profesionales de Sistemas Aplicaciones y Productos SL (ProSap). The company has operated since 2002, also through its subsidiaries in **Mexico** (ProSAP SA de CV), **Guatemala** (ProSAP Centroamerica S.A.) and **Peru** (ProSAP Perú SAC), providing professional services and project development in the SAP environment, WEB portal development, and solutions and information systems for the Healthcare sector in the Spanish market and Latin American countries.

Exprivia do Brasil Serviços de Informatica Ltda, a Brazilian company specialised in IT Security solutions, operates at its headquarters in Sao Paulo. Exprivia SpA controls the company with a 52.22% share while the company Simest SpA holds 47.70%.

Exprivia Asia Ltd, a company operating in Hong Kong to act on behalf of Exprivia SpA, its sole shareholder, in the Far East in all market sectors considered strategic to the Exprivia Group. Exprivia Asia Ltda

incorporated **Exprivia IT Solutions (Shanghai) Co. Ltd** as sole shareholder. The company is specialised in providing professional services in IT infrastructure and SAP.

Strategic Shareholdings

Software Engineering Research & Practices S.r.l, 6% held by Exprivia SpA, is spin-off of the University of Bari. Its goal is to implement the results of university research in the field of software engineering and transfer them into business processes.

Consortia Initiatives

Società cons. a r.l. Pugliatech was formed to participate in the fulfilment of the programme agreement required by the 2000-2006 POR Puglia notice.

Consorzio Biogene was formed to develop the project known as “Public-private laboratory for the development of integrated bioinformatic tools for Genomics, Transcriptomics, and Proteomics (LAB GTP)”.

Società cons. a r.l. “DAISY – NET” was formed to undertake initiatives for the development of an I.C.T. technology centre to be part of a network of regional technology centres.

Distretto Tecnologico Pugliese (“DHITECH”), based in Lecce, intends to develop and integrate an interdisciplinary cluster for nanosciences, bioscience and infoscience according to the guidelines of the seventh framework programme and national research plan.

Distretto Tecnologico Nazionale per l’Energia (“DiTNE”), based in Brindisi, it was formed to provide support for research in production sectors in the field of energy, to encourage technology transfer needed by national and international players in the sector, and to favour connections between the worlds of research, production of goods and services, credit and the territory.

Distretto Agroalimentare Regionale (“D.A.Re.”), a consortium company based in Foggia, it acts as the interface for technology transfer from the Puglia research system to the agribusiness system. It provides services to support technological innovation by managing complex projects relating to industrial research and competitive development.

Distretto H-BIO Puglia, a consortium company based in Bari, it is known as the “Puglia technological district for human healthcare and biotechnologies”. It will develop its operations in the strategic areas of products for molecular diagnostics and integrated diagnostics, treatment and rehabilitation products and bioinformatics products.

Consorzio SI-LAB: is a consortium for innovation services set up by Daisy-Net as a result of the MIUR funding project for new public and private laboratories. It brings together companies and universities in Puglia and operates in clusters with similar laboratories in Calabria and Sicily. The focus of SI-Lab is the integration of services, which are then experimented in the field of healthcare services.

Italy Care, a consortium of which Exprivia has been a member since 2013 together with Farmalabor Srl, Villa Maria Care & Research Group, and MASMEC Biomed. It was established on 18 March 2014 and represents a consolidated and effective expression of the healthcare services chain with the aim of optimising results and investments in healthcare. Penetration of international markets plays an essential role in the mission of Italy Care. Promoting a winning image in the healthcare chain that crosses borders is the goal of the consortium.

Cefriel is a consortium company in operation since 1988 as a centre of excellence for innovation, research and training in the Information & Communication Technology sector. Its main goal is to strengthen relations between universities and business through a multidisciplinary approach, starting from business needs and integrating the results of research, the best technologies on the market, emerging standards and the reality of industrial processes to innovate or develop new products and services. On 4 July 2014, Exprivia SpA acquired a 5.78% share.

THE EXPRIVIA BUSINESS MODEL

Today we are one of the main players in the digital transformation of businesses, and we owe this to the wide range of skills and experience we have developed in more than twenty years of working in our various markets.

The Group's business model is distinguished by market segmentation, as follows:

- Oil & Gas
- Utilities
- Banking & Finance
- Telco & Media
- Aerospace & Defence
- Public Sector
- Healthcare
- Industry



MARKETS

Oil & Gas

For more than 10 years, Exprivia's knowledge has supported the entire energy sector procurement, distribution and marketing sector. A solid experience in the field of fossil-derived resources has enabled the company to develop process governance systems that are currently applicable to the entire sector, with a particular focus on renewable energy and widespread parcelled sources.

The main process areas covered are:

- In-house logistics and supplies
- Contract Management
- Operational processes
- Marketing and sales
- Administration and finance, planning and control
- Health, safety and environment (HSE)
- Downstream
- Midstream and upstream
- Corporate communication and governance

Utilities

Thanks to the introduction of innovative processes and services, Exprivia is capable of guaranteeing added value to all utilities that hope to overcome market challenges.

Energy, water and the environment

Support for the entire value chain of marketing and sales companies: management of digital channels, metering, billing and credit management, customer care management and sales solutions, relationship with networks, business intelligence, pricing & supply management, public lighting solutions, energy efficiency, smart metering and smart building.

In the distribution sector, Exprivia is specialized in developing solutions for the management of Network Development, Outage Management, Network Maintenance, Cartographic Service and Grid Topology.

In the production sector, Exprivia has gained competence in solutions for the management of plants and health & safety solutions.

Public transport, airports and ports

Logistics automation, smart ticketing, info-mobility applications, line and vehicle maintenance, workforce management (public transport); public briefing, safety and logistics management, real-time dashboards and monitoring of the main KPIs, crowd management and monitoring, indoor positioning & Port Community System (ports and airports).

Post, communication and logistics

Notification of administrative acts, Telematic postman, ERP solutions, electronic billing, corporate KPI monitoring solutions.

Banking & Finance

The world of credit and finance is a complex one that arouses enthusiasm and fascination; however, it is not without its risks. Therefore, it is vital for every institution working within a rapidly evolving sector to have a partner like Exprivia to rely on for IT support.

From risk governance to data leveraging, from clouding to BYOD, from information security to nearshoring services, digital transformation works alongside the evolution of the credit and financial system.

Competence, Consulting, Know-how

With our long-term experience, we can support our customers with customised services and solutions designed to always keep pace with the unique needs of this market.

Exprivia's in-depth knowledge of typical market processes, combined with its solid technical skill and experience working with innovative technology suppliers and market leaders make it the ideal partner to promptly meet the evolving needs of customers.

Exprivia's solutions cover the following areas:

- Capital Market
- Factoring IT Solutions & BPO
- Credit Solutions
- Customer Experience
- Insurance

Systems, infrastructure and security: design, services and solutions

Exprivia's services and solutions cover the following areas:

- Governance, Risk Management and Compliance
- Big Data: from "noise" to "value"
- IT Tools & Outsourcing Services
- Video Conferencing
- Cloud, BYOD and Virtualisation
- IT Technical Consulting and Support Services
- Digital and total security
- On-premises e nearshoring: measurable and accessible

Telco & Media

More software, less hardware: the world of telecommunications is looking for innovative solutions that are, at the same time, less costly to manage. Operators in the sector are increasingly oriented towards excellence in customer satisfaction, an objective to be pursued through continual improvements in the quality perceived by users of the services. Exprivia accepts this challenge by offering innovative services and solutions for telecommunications, a market influenced by continual technological evolutions.

Digital transformation with virtualization

In telecommunications, technology is not simply a support but the core of the business. An essential condition at a time when all the operators are trying to minimize their operating costs but, at the same time, to increase customer satisfaction.

Exprivia offers operators and builders in the telecommunications sector extremely high-level technological competencies as it allows them to manage the Digital Transformation, reducing their operating costs with innovative solutions.

Exprivia is the ideal partner for the Service Providers that find the solution for being agile, efficient and customer centric in the virtualization of networks and applications.

Exprivia's great ability to build complex systems results in a reduction of operating costs for companies due to the simplicity of management. The quality of the services provided enables the customer to transfer a better customer experience to its users, enabling the single needs to be satisfied also through customer loyalty policies.

The main services and solutions that Exprivia provides to the telecommunications market are:

- Voice&Media Application
- Network Optimization&Transformation
- Next generation OSS Solutions & Services
- IT Infrastructure Management
- Web Portal&Mobile Applications
- Carrier Grade solutiondevelopment

Aerospace&Defence

Safety on flights, land and sea transport, control of operations areas, vehicles, and digitized environments: all this has become fundamentally important in today's world. Its long experience in military and civil environments enables Exprivia to build defence systems and above all prevention systems in which Information Technology is the best tool for protecting humans and vehicles, whether military or civilian.

There is an even more urgent need for preventive action such as monitoring and controlling scenarios: no longer a posteriori but continuous control of vehicles, operating environments and routes, to take action before a crisis can occur.

An essential condition for IT support for strategic decisions in critical situations is situational awareness, the correct perception of what happens in the operating scenarios in real time. Exprivia has again been a protagonist of the digital transformation, which now offers a real advantage to the sector, making it possible to analyse the complexity of heterogeneous information (images, videos, data, texts, symbols,

voices and sounds) coming from a large number of sensors, worn, fixed and mobile, during flight, navigation, in orbit and on vehicles or drones.

In particular, Exprivia develops systems for command and control, supervision, presentation of maps, processing of geographical maps and rapid prototyping of air, land and sea transport consoles that ensure maximum interaction with scenarios increasingly close to reality, also through augmented reality techniques, the richness of georeferenced information and social collaboration.

Public Sector

Cybersecurity, digital identity, digital documents and electronic payments: the Digital Agenda for Italy designs the economy 4.0, increasingly based on Big Data and the IoT.

Intangible infrastructure and digital citizenship

You can call it e-government, e-gov or digital administration: for us, it is just called innovation, simplicity and reliability for the protection of businesses, residents, public employees and the government.

Bureaucratic streamlining through the digitalised management of the PA - along with organisational renewal activities - now allows for the reconciliation of spending optimisation with service quality, as it provides users with multiple rapid and effective communication channels that connect residents with public institutions and provide the latter with a series of worry-free and completely secure tools for completing administrative procedures.

From this perspective, Exprivia has been able to rely on much of its experience in optimising processes for large private enterprises, which it has reconceptualised based on the needs of central and local governments and broken down into a range of areas, including:

- products and services for management (financial statements and accounting, human resources, management control, demographic services, document management, social services, etc.);
- eGovernment for relations with the public, businesses and institutions;
- eProcurement for purchase processes and to monitor suppliers;
- storage and sharing of electronic documents;
- planning and control through business intelligence platforms and business analytics;
- performance measurement in PA processes;
- solutions to support administrative processes concerning self governance and cooperation between administrations (SOA paradigm);
- exchanging information between entities, citizens and businesses through a single point of access;
- system integration for operational continuity 24/7 and automatic system repairs.

Healthcare

Managing health is more than simply controlling healthcare expenditure. The operators in this sector have been saying this for years. Relations between the regional government, the healthcare facilities and the users must be improved by adopting technological innovations.

Exprivia is the ideal partner for a healthcare system oriented towards an excellent future that combines savings with efficacy and efficiency: its technological solutions for the healthcare system ensure absolute, simple and reliable technological coordination between the regional government and the healthcare provided by local health authorities, hospitals, ARNAS and IRCCS research centres, general and specialized hospitals, and domiciliary care systems.

A team of 350 specialists, 30 years of operation in the IT sector, solutions and services at 500 hospitals for 20 million patients confirm the efficacy of the Exprivia solutions in satisfying the needs of the healthcare sector, of fundamental importance for the economy and development of every region.

Suite of solutions

The Regions with the most efficient health service are those that spend the most but also spend the best, that is, without causing overruns of the regional budgets.

The Exprivia systems connect the entire Regional Healthcare system, from the administrative and management centres to the public and private hospital facilities along the entire supply chain, to the individual professionals and on-line services for users, so as to get the most from every resource.

This is done using the e4Cure suite, expressly designed for the healthcare environment, which coordinates the two main branches of the health system:

- Local healthcare providers
- Regional authorities and agencies

creating interface flows that ensure total, structured control.

Quality and risk monitoring

In addition to its ISO 9001 quality certification, Exprivia has set up an ISO 13485 Medical Device quality system for monitoring clinical risks.

Industry

Exprivia rationalizes and reaches excellent levels of performance in the company processes of its customers, by modifying the entire value chain: from analysis to consulting, implementation, the Application and System Management services, also using proprietary, vertical solutions. The strategic relationship between the processes (increasingly simplified, quick and interlinked) and the in-depth knowledge of specific business features enables Exprivia to offer a tool for increasing the company's prospects of success.

Smart Manufacturing, digital innovation in industrial processes.

The recent research projects foreshadow a radical change in business scenarios: the fourth industrial revolution is in progress and will soon bring fully controlled, interconnected and automated production processes through the evolution of technology.

The expression "Industry 4.0", used for the first time at the Hanover Fair in 2011, defines this change in a panorama that is still evolving but already has precise development guidelines.

The four pillars of this transformation constitute the core of Exprivia's know-how and skills:

- use of data and connectivity (big data, open data, Internet of Things, machine-to-machine and cloud computing);
- analytics and machine learning;
- man/machine interaction (touch interfaces and augmented reality);
- digital/real interaction (additive manufacturing, robotic control, machine-to-machine interactions, storage of energy from various sources).

The impact of this transformation will be colossal, like that of the previous industrial revolutions brought over the centuries by steam, electricity, oil and computers and will only be quantifiable in the future. In the mean time, however, the clouding technologies are already influencing the work dynamics, which are evolving extremely rapidly. Every business must therefore introduce digital innovation in its industrial processes to gain the benefits of Smart Manufacturing.

Exprivia has taken this extraordinary opportunity by strengthening the entire industrial process with its digital solutions and automating the management of huge quantities of information in a simple, rational and efficient way, thus converting it into a strong presence on the market. This is the natural evolution of the vertical offer that Exprivia develops on the various industrial markets.

Exprivia, a SAP Gold Partner for 10 years

Exprivia is currently one of the main Italian companies specialized in the design, development and integration of software solutions and innovative services, with its many corporate skills gained during its twenty years of activity and through a privileged relationship with SAP for over 10 years. Exprivia provides the most innovative SAP solutions, such as SAP Business Suite 4 SAP HANA (High-Performance Analytic Appliance, an architecture designed to manage extremely high rates of complex transactions and queries on the same platform) with a view to ensuring the go-to-market for its customers and giving them the most appropriate support in the development and innovation of their business processes. The main areas of activity are Administration, Finance and Control, Operation & Logistics, Business Analytics, Human Capital Management

Professionals for your company's performance

500 professionals specialized in ERP and Extended ERP solutions, including over 300 certified resources, distributed across Italy and overseas (Spain, Mexico, Brazil, other Latina American countries and China) make Exprivia one of the leading players in the field of digital transformation.

- Service Partner
- Validated Expertise Partner
- Gold Var (Value Added Reseller) &PCoE (Partner Center of Expertise)
- Fast Start
- Smart BI - 1st EMEA partner
- RUN SAP Implementation - 1st partner in Italy
- Sybase Silver Partner

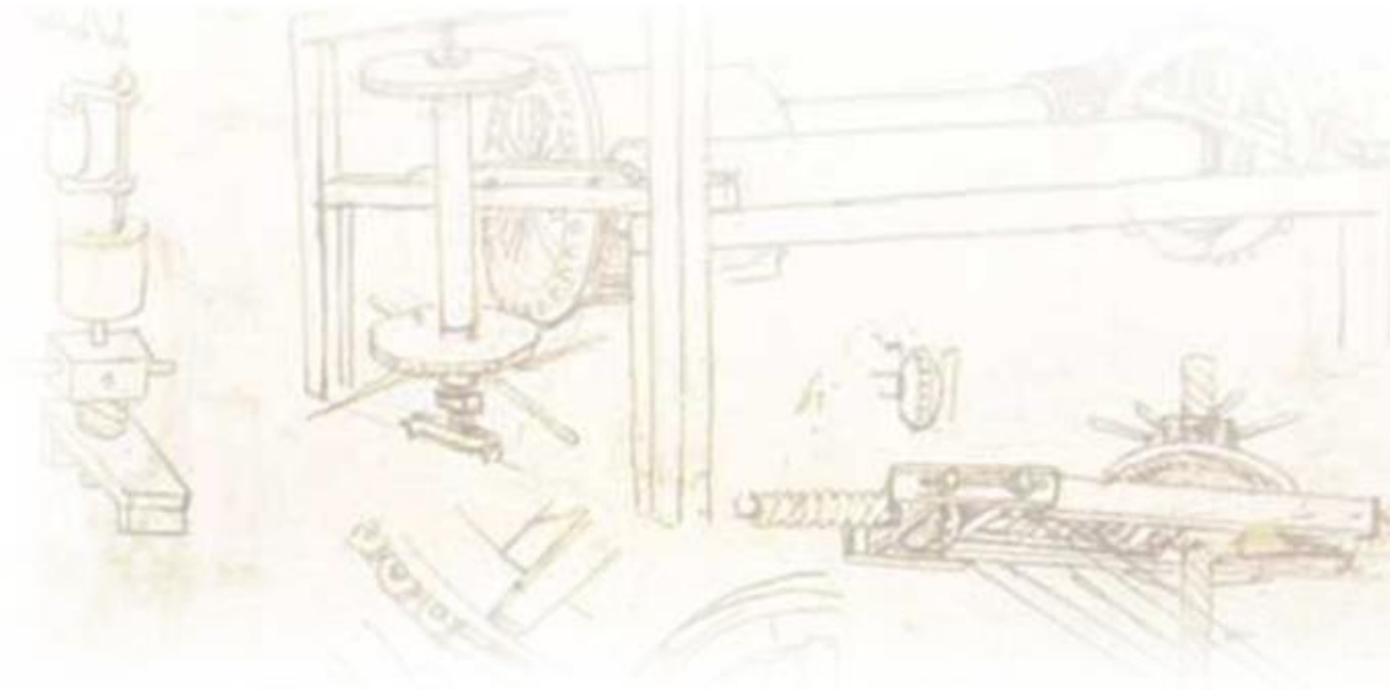
- Open Text Premier Partner
- SuccessFactors Solution Partner

SKILLS

Working for the world to come requires not only a lively imagination, but also and especially solid training that keeps us continuously updated on trends and transformations under way to anticipate the needs of the market.

The Group has a team of highly-skilled experts specialised in several different technological areas:

- Big Data & Analytics
- IoT Internet of Things
- Mobile
- Cloud
- SAP
- IT Security
- BPO Outsourcing



PERFORMANCE OF EXPRIVIA GROUP RESULTS

In the third quarter of 2016, **revenues by business area** amounted to Euro 32.8 million, compared to Euro 31.7 million in the same period of the previous financial year.

Details of the revenues relating to 30 September 2016 and the third quarter of 2016 are shown below, compared with the figures for the same period of the previous year and broken down by business segment (€/1000).

Business Areas	30/09/2016	30/09/2015	Variation	Variation%	Q3 2016	Q3 2015	Variation	Variation%
Banking & Finance	18,485	18,077	408	2.3%	6,032	5,680	352	6.2%
Energia e Utilities	15,448	17,003	(1,555)	-9.1%	5,532	4,617	915	19.8%
Industry	9,199	8,283	916	11.1%	2,817	2,690	127	4.7%
Oil e Gas	9,074	11,378	(2,304)	-20.2%	2,807	3,594	(787)	-21.9%
Telco & Media	14,651	13,829	822	5.9%	4,596	4,687	(91)	-1.9%
Healthcare	16,130	16,449	(319)	-1.9%	4,916	5,516	(600)	-10.9%
Public Sector	5,019	5,475	(456)	-8.3%	1,544	1,549	(5)	-0.3%
Aerospace & Defence	4,027	2,317	1,710	73.8%	2,528	717	1,811	252.4%
International Business	5,973	8,170	(2,197)	-26.9%	1,884	2,395	(511)	-21.3%
Other	424	1,197	(773)	-64.6%	106	297	(191)	-64.4%
Total	98,430	102,179	(3,749)	-3.7%	32,762	31,743	1,019	3.2%

Details of the revenues relating to 30 September 2016 and the third quarter of 2016 are shown below, compared with the figures for the same period of the previous year and broken down by type of business (€/1000).

Exprivia Group (value in k Euro)	30/09/2016	30/09/2015	Variation	Variation%	Q3 2016	Q3 2015	Variation	Variation%
Projects and Services	85,576	88,909	(3,333)	-3.7%	28,659	27,569	1,090	4.0%
Maintenance	9,959	9,505	454	4.8%	3,437	3,228	209	6.5%
HW/ SW third parties	1,685	1,371	314	22.9%	331	353	(22)	-6.2%
Own licences	772	1,197	(425)	-35.5%	215	297	(82)	-27.6%
Other	438	1,196	(758)	-63.4%	120	296	(176)	-59.5%
Total	98,430	102,179	(3,749)	-3.7%	32,762	31,743	1,019	3.2%

Details of the revenues relating to 30 September 2016 and the third quarter of 2016 are shown below, compared with the figures for the same period of the previous year and broken down by private and public sector (€/1000).

Exprivia Group (value in k Euro)	30/09/2016	Effect %	30/09/2015	Effect %	Q3 2016	Effect %	Q3 2015	Effect %
PRIVATE	79,422	80.7%	81,011	79.3%	28,130	85.9%	25,611	80.7%
PUBLIC	19,008	19.3%	21,168	20.7%	4,632	14.1%	6,132	19.3%
Total	98,430		102,179		32,762		31,743	

Details of the revenues relating to 30 September 2016 and the third quarter of 2016 are shown below, compared with the figures for the same period of the previous year and broken down by geographical area (€/1000).

Exprivia Group (value in k Euro)	30/09/2016	Effect %	30/09/2015	Effect %	Q3 2016	Effect %	Q3 2015	Effect %
ITALY	89,459	90.9%	92,358	90.4%	29,177	89.1%	28,666	90.3%
FOREIGN	8,971	9.1%	9,821	9.6%	3,585	10.9%	3,077	9.7%
Total	98,430		102,179		32,762		31,743	

Banking & Finance

The **Banking, Finance and Insurance** Business Unit ended the third quarter of 2016 with a 6.2% increase compared to the same period in 2015. This result is decisive for overall performance in the first 9 months, which recorded an improvement of 2.3%.

Also in this third quarter, the scenario considerations and trends seen in the first 6 months of the year remain valid, which can be summarised on one hand as the national and international uncertainty arising from the overall sector reorganisation (driven by policy) and on the other hand as the focusing of expenses on compliance, with all national and international regulatory obligations, and the different components supporting the digital transformation.

In this general atmosphere, despite the positive result achieved, our business development action did not live up to its full potential, in particular in the middle segment of the market, due to the shift to subsequent quarters of investments relating to the most innovative component of our system offering. Nevertheless, the following was recorded in the third quarter:

- in the Finance segment, the results improved by more than 15% due to the acquisition of new projects and services launched in the first half of the year, an expansion of our offering in the compliance component and in other capital market platforms, as well as the optimisation of the organisation of delivery
- in Credit Solutions, the results declined by 10%, due especially to the international component and the delay in the launch of important Credit Risk Management collaborations
- in the Factoring area, the results were in line with those of last year, despite the partial turnover under way in the customer base, which has been heavily involving the entire structure since the start of the year now, due to the updating of the offer and engaging with new customers
- the results of Digital Transformation (Big Data Analytics, Cloud & Security Infrastructure, Smart Process, Customer Experience) improved by more than 10%, characterised especially by collaborations in the Customer Experience and Smart Process areas, which during the quarter also led to the acquisition of 3 important new customers.

In conclusion, the results achieved resulted in a positive quarter. In addition, the effectiveness of our continuously evolving offering is confirmed by the interest demonstrated in the business development action carried out in the first nine months of the year, the benefits of which will be clearer by the end of the year if sector investments are unblocked.

Utilities

The **Utilities** Business Unit recorded revenues amounting to Euro 5.5 million in the third quarter of 2016 compared to Euro 4.6 million in 2015, a 19.8% increase. Several contracts began simultaneously in July 2016, justifying the increase during the quarter in question.

The Utilities Business Unit is continuously active in pursuing the operational efficiency and digital transformation goals of its customers by participating in innovative projects with an international scope. Projects are also under way for the development of IT solutions in the area of grid management, IoT, Smart Home and plant maintenance.

BPO (Business Process Outsourcing) is specialised in Customer Care, both front office and back office. As at 30 September 2016, revenues totalled Euro 3.8 million, compared to Euro 6 million in the same period of the previous year; in the third quarter of 2016 revenues equalled Euro 1.7 million compared to Euro 1.3 million in the third quarter of 2015. This change can be attributed to the completion of the contract awarded in 2015 relating to a call centre service contract with a leading Italian multinational in the energy sector, concluded in November 2015. In the first quarter of 2016, Exprivia was awarded two important contracts in the energy segment. Their contractual value amounts to about Euro 60 million with a duration of three years. In the first half of the year, one of the two contracts acquired in the Front Office and multichannel area was successfully launched. The gap in revenues recorded as at 30 September 2016 compared to the same period of the previous year was due to the delay in the start of the second contract. Margins have also clearly improved following the stabilisation of the new service launched and particularly with reference to the last quarter.

Industry

In the third quarter of 2016, the results of the **Industry** BU showed a clear sign of growth in revenues compared to the same period of 2015, confirming the positive trend that began this year. In the third quarter of 2016, revenues amounted to Euro 2.8 million with a 4.7% increase compared to Euro 2.7 million in the same period of the previous financial year.

The industry segment is interpreting the signs of an economic recovery with confidence, by including investments in IT projects in the budget and beginning important technological innovation initiatives.

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

Good results were obtained in international rollouts in Europe and the Far East for customers with head offices in Italy.

The experience gained with the SAP Hana platform is of extreme interest for growth prospects, technological innovations brought to the market by the software vendor are adopted with interest by companies, and other projects for technological migration to Hana, including with cloud computing methods, are under way.

Again in terms of the offer, positive results were achieved in the development of web solutions and portals, bringing the efforts capitalised on in our Research and Development laboratories to the market.

Oil & Gas

The **Oil & Gas** Business Unit recorded revenues amounting to Euro 2.8 million in the third quarter of 2016 compared to Euro 3.6 million in 2015, a 21.9% decrease compared to the same period of the previous financial year.

The scenario of profound transformation in global energy demand and oil commodity price trends are forcing companies operating in the **Oil & Gas** market to review their long-term investment priorities. Most oil companies are continuing with their exploration programmes, but they are launching drastic operation optimisation programmes, for risk management and to bring systems and procedures into line with the regulatory environment.

The quantitative and qualitative transformation of the ICT spending structure in the Oil & Gas sector is therefore continuing, pushing Exprivia and the main ICT operators in that market to review their offering systems and pricing structures. With its vertical offering and delivery of projects based on the nearshoring model, Exprivia is supporting one of the primary ICT Transformation initiatives of Oil & Gas companies.

In this phase of transition, the third quarter of 2016 closed with revenues down by 14% compared to the previous year, but without Exprivia losing competitive positioning with its customers; indeed, it actually expanded its customer base in the Oil & Gas sector, as is confirmed by the acquisition of several important long-term contracts in 2016. In the third quarter, Exprivia was therefore committed to the delicate phase of transitioning to new contracts, incurring the relative handover costs, in order to initiate new contracts between the last quarter of 2016 and the first quarter of 2017. The increase in costs due to the transition to new contracts and the relative impacts on operating margins were concentrated in the third quarter and strictly linked to the increase in revenues beginning in the last quarter of 2016.

Telco and Media

In the **Telco & Media** business unit, Exprivia achieved good growth as at 30 September 2016 compared to the same period of last year, amounting to a 5.9% increase in revenues (Euro 14.7 million as at 30 September 2016 compared to Euro 13.8 million as at 30 September 2015), also by enhancing the company's know-how and as a result boosting the number of specialised employees. Revenues in the third quarter of 2016 amounted to Euro 4.6 million, compared to Euro 4.7 million in the third quarter of 2015.

The increase recorded as at 30 September 2016 went against the trend of the telecommunications and media market, which continues to decline, particularly in Italy, demonstrating the significant difficulties which are reflected primarily in the progressive reduction in revenues for each voice/data line, which is being experienced by the majority of operators. However, in this market Exprivia has worked on specialising in the most innovative and relevant aspects for its customers' businesses, primarily by offering services in the areas of "**Network Optimization & Transformation**", "**Next generation OSS Solutions & Services**", "**Voice & Media Application**" and "**Carrier grade solution development**" as well as for the encrypted VoIP products "Extravox" and "Cryptovox".

Healthcare

The **Healthcare** Business Unit recorded revenues amounting to Euro 4.9 million in the third quarter of 2016 compared to Euro 5.5 million in 2015, a 10.9% decrease compared to the same period of the previous financial year, while as at 30 September 2016 revenues totalled Euro 16.1 million compared to Euro 16.5 million in the same period of 2015, a decline of 1.9%.

Despite the slowdown in certain projects, during the quarter a significant contract was concluded for the provision of a voice-enabled medical reporting solution for the pathological anatomy services of several diagnostics centres in several European countries.

Public Sector

The **Public Sector** Business Unit closed the third quarter of 2016 with revenues of Euro 1.5 million, in line with the figure recorded in the same period in the previous year.

In **Local Public Administration**, the third quarter of 2016, which basically remained stable compared to the third quarter of 2015, did not make up for the significant decrease seen in the first half of 2016. The decline was due to the completion of some important projects. In the course of the third quarter of 2016, several contract renewals were awarded by important Local Entities, which will come into effect in the upcoming quarters. The expected investments linked to Smart Cities, which could represent an occasion for the re-launch of this market, have not yet been seen.

For the **Central Public Administration**, we are witnessing a continuation in the slowdown in activities for important contracts in the portfolio, trends linked to Spending Review policies and the redefinition of organisational structures in important entities which are customers of the BU.

In the third quarter, this BU was also committed to working on important tenders for leading market players that should be awarded by the end of 2016.

During the third quarter, Exprivia was awarded a new ERP contract by an important research institute.

Aerospace & Defence

The **Defence & Aerospace** Business Unit closed the third quarter of 2016 with revenues amounting to Euro 2.5 million compared to Euro 0.7 million in the same period of 2015. The change was primarily related to the contribution made by the acquisition of the new equity investment in ACS Srl.

Specifically, Exprivia's Defence sector confirmed performance in line with the contraction seen in a market that is still being held back by reorganisations in the main industrial companies and large entities. In the first part of the year, the first contracts were launched in relation to new domestic and foreign programmes that will be rolled out in the coming months.

The innovative company ACS, which has operated in the market for more than twenty years and develops ground stations for the reception and processing of satellite data, a sector in which it has reached a top global position, joined the Aerospace & Defence Business Unit in the third quarter of 2016. Over the years, ACS has expanded its offering by taking advantage of the opportunities provided by the wide availability of Earth Observation data and the development of new technologies for studying the Earth.

International Business

International business development focused on consolidating the group's presence in markets where companies in the Exprivia Group operate.

In Spain, where the Exprivia Group was present through two subsidiaries, **Profesionales de Sistemas Aplicaciones y Productos S.L. (ProSap) and Exprivia S.L.**, their merger was completed by combining the commercial and technical structures to strengthen the offer of ERP applications and SAP services for industry and distribution, Business Intelligence solutions for the Healthcare sector, and web services (marketing and on-line sales) for Banks and large distribution chains.

In Mexico, where the Exprivia Group operates directly through **Prosap Mexico**, sales and delivery actions continued with major private and public companies operating in the infrastructure construction sector in Latin America.

The sales and development activities of **Prosap Centroamerica**, which works in the ERP and SAP services sector in Guatemala and in various Central American countries, are expanding; the branch **in Ecuador** is participating in a temporary association of companies in several important public and private tenders in the Healthcare segment. Concerning **Prosap Peru**, sales actions are continuing in the healthcare and telecommunications field to give this company fresh impetus.

In Brazil, business growth continued for **Exprivia do Brasil Serviços de Informatica Ltda** in the IT Security segment and in the development of telecommunications projects, although the country's economic crisis resulted in GDP falling by 3.8% in 2015 compared to the previous year and a decline in the local currency (BRL) with respect to the euro and the US dollar.

In **China**, "**Exprivia IT Solutions (Shanghai) Co. Ltd**", whose sole shareholder is "**Exprivia Asia Ltda**" in **Hong Kong**, developed its business in providing professional services in IT infrastructure and SAP. Their customers are currently the Italian companies and institutions operating in China and European manufacturers.

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2016

Corporate Events

There were no significant events worth noting.

Acquisitions/Sales in the Exprivia Group

On **5 July 2016** Exprivia SpA acquired de facto control over ACS SpA (an innovative company operating in the field of space sector software applications and systems) following the appointment by the sole shareholder of the administration and control bodies. On the same date, the company's legal status was changed from SpA to Srl.

EVENTS AFTER 30 SEPTEMBER 2016

Corporate Events

There were no significant events worth noting.

Acquisitions/Sales in the Exprivia Group

On **28 October 2016**, Exprivia **completed the share capital increase of Euro 1.8 million of ACS Srl**, an innovative company operating in the field of software applications and systems for the space sector.

STAFF AND TURNOVER

The tables show the company workforces as at 30 September 2016, compared with those at 30 September 2015. In particular, the first table (Table 1) shows the number of resources, around 15.40% of whom are part-time. The part-time percentage information relates to the Italian companies, excluding ACS Srl and Spegea Scarl; part-time schedules can take on various configurations depending on the contract. The second table shows the number of full-time equivalent workers (on an annual basis) (Table 2):

Table 1.

Company	Employees			Temporary workers		
	30/09/2015	31/12/2015	30/09/2016	30/09/2015	31/12/2015	30/09/2016
Exprivia SpA	669	673	669	5	2	2
Exprivia Healthcare IT Srl	335	334	328	-	-	-
Exprivia Enterprise Consulting Srl	165	156	132	1	1	1
Exprivia Digital Financial Solutions Srl	193	194	195	-	-	-
Exprivia Projects Srl	239	219	224	-	-	-
ACS Srl	-	-	62	-	-	-
Exprivia Telco & Media Srl	323	358	369	3	1	-
Exprivia IT Solutions Shanghai	18	17	19	1	1	1
Exprivia SL (Spain)	17	15		-	-	
Exprivia SLU, ProSap SA de CV (Mexico) and ProSap Centro America SA (Guatemala)	84	73	96	-	1	1
Exprivia do Brasil Servicos de Informatica Ltda	28	28	24	1	1	7
Spegea S.c.a r.l.	7	8	7	1	1	1
Total	2078	2075	2125	12	8	13
<i>Executives</i>	<i>39</i>	<i>39</i>	<i>44</i>			
<i>Middle Managers</i>	<i>186</i>	<i>187</i>	<i>192</i>			

Table 2.

Company	Employees			Temporary workers		
	30/09/2015	31/12/2015	30/09/2016	30/09/2015	31/12/2015	30/09/2016
Exprivia SpA	649	649	638	5	2	2
Exprivia Healthcare IT Srl	318	316	311	-	-	-
Exprivia Enterprise Consulting Srl	156	144	107	1	1	1
Exprivia Digital Financial Solutions Srl	189	187	189	-	-	-
Exprivia Projects Srl	152	38	146	-	-	-
ACS Srl	-	-	59	-	-	-
Exprivia Telco & Media Srl	309	357	368	3	1	-
Exprivia Shanghai	17	16	18	1	1	1
Exprivia SL (Spain)	15	15		-	-	
Exprivia SLU, ProSap SA de CV (Mexico)/ProSap Centroamerica SA (Guatemala)	84	73	96	-	1	1
Exprivia do Brasil Servicos de Informatica Ltda	28	28	24	1	1	7
Spegea S.c. a r. l.	7	7	6	1	1	1
Total	1924	1830	1962	12	8	13
<i>Executives</i>	<i>39</i>	<i>39</i>	<i>44</i>			
<i>Middle Managers</i>	<i>185</i>	<i>185</i>	<i>187</i>			

Please note that **Exprivia SLU**, (formerly ProSap SL), a Spanish company that is 100% owned by Exprivia SpA, merged by incorporation in 2016 with the Spanish company **Exprivia SL**, also 100% owned by Exprivia SpA. The company also operates through its subsidiaries in **Mexico** (ProSAP SA de CV) and **Guatemala** (ProSAP Centroamerica S.A.).

INTER-COMPANY RELATIONS

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

The Administration, Finance and Control Department unites the Group Finance function with the Administration, Finance and Control functions.

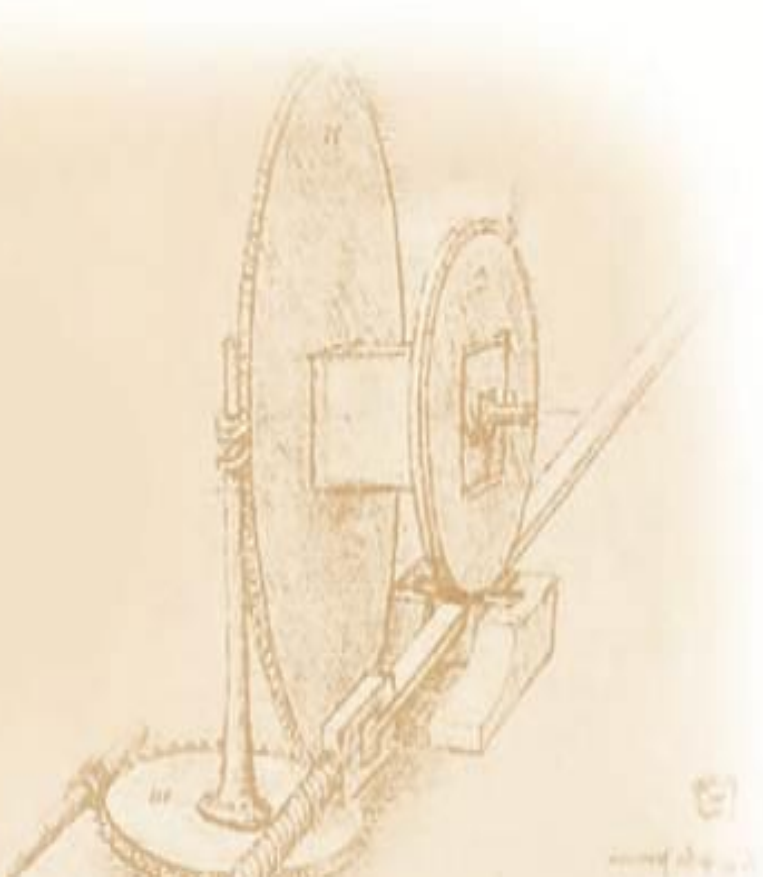
The Human Resource Department reports directly to the Chairman of the Exprivia Group, who is the head of the department ad interim.

The Internal Audit, Merger & Acquisition, Corporate Affairs and International Business Departments also report to the Chairman.

The Group companies constantly collaborate with each other for commercial, technological and application development. In particular the following should be pointed out:

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

A cash pooling relationship is in place between the Italian Group companies, and all companies adhere to tax consolidation based on a specific regulation.



RELATIONS WITH RELATED PARTIES

In compliance with applicable legislative and regulatory provisions, and in particular with:

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

On 27 November 2010 the Board of Directors of the Company adopted a "Procedure for Transactions with Related Parties", setting forth provisions concerning transactions with related parties in order to ensure the transparency and substantive and procedural correctness of operations with related parties carried out directly or through companies that are directly and/or indirectly controlled by Exprivia ("Exprivia Group").

This procedure replaced the one previously in force, which had been introduced on 26 March 2007.

Transactions with related parties are part of normal business management and are carried out on an arm's length basis. No atypical or unusual transactions were carried out with related parties.

GROUP RELATIONS WITH PARENT COMPANIES

The tables below show relations between the Exprivia Group and the parent company Abaco Innovazione SpA as at 30 September 2016, compared with 31 December 2015 for the equity data and with the same period of the previous year for economic data.

Receivables

Description	30/09/2016	31/12/2015	Variation
Exprivia S.p.A.	3,037,715	1,305,338	1,732,377
TOTAL	3,037,715	1,305,338	1,732,377

The balance as at 30 September 2016 included Euro 2,985,338 relating to the receivable for an unsecured loan with no guarantees taken out in 2016 by the parent company Abaco Innovazione SpA, with Euro 1,680,000 disbursed in cash and Euro 1,305,338 as a reclassification of payables outstanding as at 31 December 2015. It also included Euro 52,378 for interest receivable accrued on the same loan.

Costs and expenses

Description	30/09/2016	30/09/2015	Variation
Exprivia SpA	179,968	73,299	106,669
TOTAL	179,968	73,299	106,669

Costs to parent companies related to the remuneration recognised by Exprivia SpA to Abaco Innovazione SpA for the guarantee granted by the latter on the loan of Euro 25 million granted by major banks. This

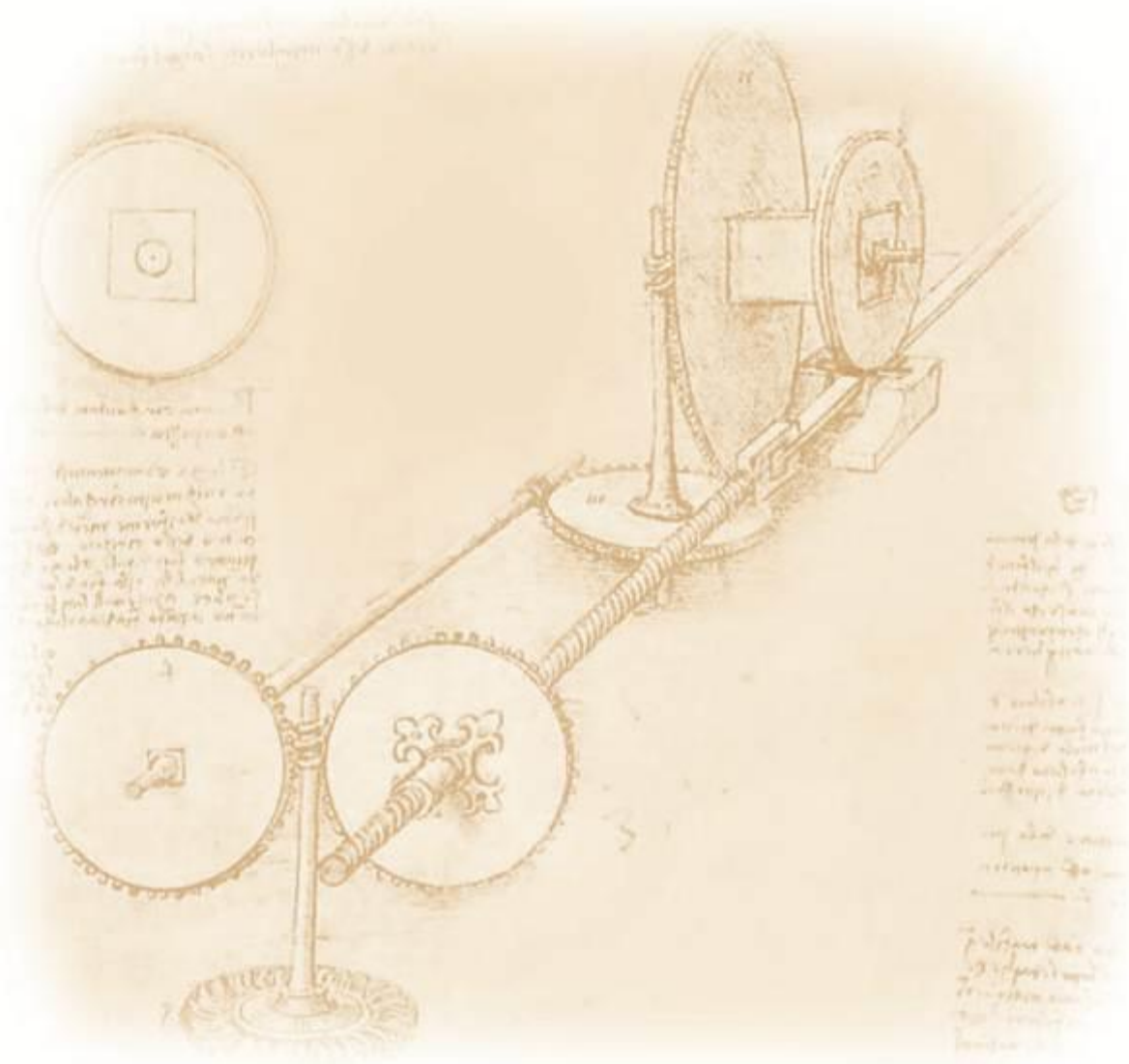
amount is the share of costs on the guarantee attributable to the period, while there are costs of Euro 201,941 attributable to future periods pending under other assets.

Revenue and Income

Description	30/09/2016	30/09/2015	Variation
Exprivia S.p.A.	52,378	21,950	30,428
TOTAL	52,378	21,950	30,428

BUSINESS OUTLOOK

The company confirms its confidence that the increasingly pervasive spread of digital technologies, the availability of new applications based on big data and mobility and the convergence between telecommunications and cloud computing technologies will enable businesses and the public administration to resume investments despite this environment of weak overall recovery. Indeed, the digital transformation represents an unquestionable necessity in any development plan that organisations may conceive of.



Quarterly Consolidated Financial Statements of the Exprivia Group



Consolidated Balance Sheet as at 30/09/2016

Amount in Euro			
	Note	30.09.2016	31.12.2015
Land and buildings		14,003,168	10,981,543
Other assets		2,344,590	2,815,269
Property, plant and machinery		16,347,758	13,796,812
Goodwill		67,465,155	67,118,492
Goodwill and other assets with an indefinite useful life		67,465,155	67,118,492
Intangible assets		3,243,244	820,552
Research and development costs		8,428,306	3,370,013
Other Intangible Assets		11,671,550	4,190,565
Investments in other companies		169,561	896,195
Equity investments		169,561	896,195
Receivables to parent companies		2,596,910	1,305,338
Other receivables		311,836	201,199
Other financial assets		2,908,746	1,506,537
Other receivables		1,705,007	1,716,806
Other financial assets		1,705,007	1,716,806
Tax advances/deferred taxes		2,307,916	1,839,961
Deferred tax assets		2,307,916	1,839,961
NON-CURRENT ASSETS		102,575,693	91,065,368

Amount in Euro			
	Note	30.09.2016	31.12.2015
Trade receivables		59,196,404	58,097,533
Receivables from parent companies		52,377	
Other receivables		11,924,719	7,947,205
Tax receivables		2,876,941	2,655,240
Trade receivables and other		74,050,441	68,699,978
Inventories		994,338	269,325
Inventories		994,338	269,325
Work in progress contracts		18,733,618	11,228,568
Work in progress contracts		18,733,618	11,228,568
Receivables from parent		388,428	
Other Financial Assets		388,428	
Held at bank		8,857,010	7,005,422
Cheques and cash in hand		35,558	38,588
Cash at bank and on hand		8,892,568	7,044,010
Cheques and cash in hand		508,721	501,561
Cash at bank and on hand		508,721	501,561
CURRENT ASSETS		103,568,114	87,743,442
ASSETS		206,143,807	178,808,809

Amount in Euro			
	Note	30.09.2016	31.12.2015
Share Capital	1	25,252,359	25,754,016
Share capital	1	25,252,359	25,754,016
Share premium		18,081,738	18,081,738
Share Premium Reserve	1	18,081,738	18,081,738
Revaluation reserve		2,907,138	2,907,138
Revaluation reserve	1	2,907,138	2,907,138
Legal reserve		3,931,382	3,709,496
Revaluation reserve	1	3,931,382	3,709,496
Other reserves		20,249,329	17,201,619
Other reserves	1	20,249,329	17,201,619
Retained earning/loss		2,253,718	1,945,640
Profits/Losses for previous periods	1	2,253,718	1,945,640
Profit/Loss for the period		2,076,739	4,597,608
SHAREHOLDERS' EQUITY		74,752,403	74,197,255
Minority interest		922,878	795,038
GROUP SHAREHOLDERS' EQUITY		73,829,525	73,402,218

Amount in Euro	30.09.2016	31.12.2015
NON-CURRENT LIABILITIES		
Non-current bond	2,589,297	3,311,748
Non-current bond	2,589,297	3,311,748
Non-current bank debt	27,619,690	6,111,015
Non-current bank debt	27,619,690	6,111,015
Trade payables after the financial year	741,639	109,273
Payables to other lenders	10,000	
Derivative financial instruments	44,797	
Other financial liabilities	796,436	109,273
Payables for equity investments	359,999	
Other financial liabilities	359,999	
Tax liabilities and amounts for social security payable after the financial year	3,632,180	408,762
Other financial liabilities	3,632,180	408,762
Other provisions	658,382	622,311
Provision for risks and charges	658,382	622,311
Employee severance indemnities	9,955,828	9,228,805
Employee provisions	9,955,828	9,228,805
Provisions for deferred taxes	1,150,072	1,038,852
Deferred tax liabilities	1,150,072	1,038,852
NON CURRENT LIABILITIES	46,761,884	20,830,766

Amount in Euro			
	Note	30.09.2016	31.12.2015
Current bond		1,304,330	1,007,399
Current bond		1,304,330	1,007,399
Current bank debt		23,016,268	35,879,446
Current bank debt		23,016,268	35,879,446
Trade payables		18,889,904	17,087,806
Trade payables		18,889,904	17,087,806
Advances		3,086,664	2,774,376
Advances payment on work in progress contracts		3,086,664	2,774,376
Other payables		411,673	384,214
Other financial liabilities		411,673	384,214
Tax liabilities		10,715,053	7,583,444
Tax liabilities		10,715,053	7,583,444
Amounts payable to pension and social security institutions		5,688,897	5,480,960
Other payables		21,516,731	13,583,144
Other current liabilities		27,205,628	19,064,104
CURRENT LIABILITIES		84,629,520	83,780,789
LIABILITIES		206,143,807	178,808,809

Consolidated Income Statement as at 30/09/2016

Amount in Euro					
	Note	Q3 2016	Q3 2015	30.09.2016	30.09.2015
Revenue from sales and services		32,851,133	31,738,096	98,601,907	102,186,354
Revenues	2	32,851,133	31,738,096	98,601,907	102,186,354
Other revenues and income		433,391	120,021	739,142	387,301
Grants related to income		338,181	358,365	1,251,016	2,525,489
Increase in capitalised expenses for intenal projects		563,030	272,584	1,308,388	1,005,048
Other income	3	1,334,602	750,970	3,298,546	3,917,838
Changes in inventories of work in progress		(88,819)	4,671	(172,091)	(7,660)
Changes in inventories of finished goods and work in progress	4	(88,819)	4,671	(172,091)	(7,660)
PRODUCTION REVENUES		34,096,916	32,493,737	101,728,362	106,096,532
Costs of raw, subsid. & consumable mat. and goods	5	2,347,520	2,314,147	7,712,321	7,587,947
Salaries	6	21,197,639	20,765,054	67,196,800	67,784,606
Costs for services	7	4,931,602	5,147,931	14,644,612	16,797,903
Costs for leased assets	8	1,085,971	1,137,817	3,165,408	3,137,665
Sundry operating expenses	9	192,773	145,020	494,405	670,660
Provisions	10	76,732	(146,271)	201,817	91,195
TOTAL PRODUCTION COSTS		29,832,237	29,363,697	93,415,363	96,069,976
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		4,264,679	3,130,041	8,312,999	10,026,556

Amount in Euro					
	Note	Q3 2016	Q3 2015	30.09.2016	30.09.2015
Ordinary amortisement of intangible assets		879,705	601,809	1,942,096	1,780,299
Ordinary depreciation of tangible assets		381,427	474,241	1,348,642	1,436,856
Othe write-downs		28,082	4,717	118,943	934,009
Amortisation, depreciation and write-downs	11	1,289,214	1,080,767	3,409,681	4,151,164
OPERATIVE RESULT		2,975,465	2,049,274	4,903,318	5,875,392
Financial income and charges	12	706,178	575,810	2,100,112	1,804,621
PRE-TAX RESULT		2,269,287	1,473,463	2,803,206	4,070,771
Income tax	13	752,106	655,964	726,467	2,171,975
PROFIT OR LOSS FOR THE PERIOD	14	1,517,181	817,500	2,076,739	1,898,796
Attributable to:					
Shareholders of holding company		1,527,544	593,820	2,083,829	1,883,824
Minority interest		(10,362)	223,680	(7,090)	14,972
Earnings per share losses	15				
Basic earnings per share		(0.0251)	(0.0138)	0.0426	0.0119
Basic earnings diluted		(0.0251)	(0.0138)	0.0426	0.0119

Consolidated Statement of Comprehensive Income as at 30/09/2016

Amount in Euro	Note		
Description		30/09/2016	30/09/2015
Profit for the year		2,076,739	1,898,796
<i>Other gains (losses) total will not subsequently be reclassified in profit (loss)</i>			
Profit (loss) Actuarial effect of IAS 19			164,203
Tax effect of changes			(45,156)
Total other comprehensive income (loss) will not subsequently be reclassified in profit (loss)	1	0	119,047
<i>Other gains (losses) total that will be subsequently reclassified to profit (loss) for the period we</i>			
Change in translation reserve		155,669	(665,132)
		(44,797)	
Total other comprehensive income (loss) that will subsequently be reclassified in profit (loss)	1	110,872	(665,132)
NET COMPREHENSIVE INCOME FOR THE PERIOD		2,187,611	1,352,711
<i>attributable to:</i>			
Group		2,059,771	1,602,878
Minority interest		127,840	(250,167)

Statement of Changes in Consolidated Shareholders' Equity as at 30/09/2016

Amount in Euro	Company Capital	Own shares	Share Premium Fund	Reval. Reserve	Legal Reserve	Other Reserves	Profits (Losses) brought forward	Profit (Loss) for the period	Total Net Worth	Minority Interests	Total Group Net Worth
Balance at 01/01/2015	26,979,658	(569,389)	18,081,738	2,907,138	3,561,670	16,712,971	2,014,991	3,037,163	72,725,940	959,836	71,766,104
Reclassification previous year's profit to previous year's profit					147,826	1,355,940	1,533,397	(3,037,163)	-		0
Dividend							(1,452,751)		(1,452,751)		(1,452,751)
							(150,000)		(150,000)		(150,000)
Acquiring equity attributable third Prosap Group									0		0
Purchase of own shares		(559,851)				(314,259)			(874,110)		(874,110)
Components of comprehensive income											
Profit (loss) for the period								1,898,796	1,898,796	14,972	1,883,824
Effects of applying IAS 19						119,047			119,047	4,849	114,198
Translation reserve						(665,132)			(665,132)	(269,988)	(395,144)
Total income (loss) for the year Overall									1,352,711	(250,166)	1,602,877
Balance at 30/09/2015	26,979,658	(1,129,240)	18,081,738	2,907,138	3,709,496	17,208,567	1,945,639	1,898,796	71,601,793	709,670	70,892,124
Balance at 31/12/2015	26,979,658	(1,225,642)	18,081,738	2,907,138	3,709,496	17,201,619	1,945,640	4,597,608	74,197,255	795,038	73,402,218
Reclassification previous year's profit to previous year's profit					221,886	3,110,712	1,265,010	(4,597,608)	(0)		(0)
Dividend							(1,049,935)		(1,049,935)		(1,049,935)
Change in consolidation scope							93,003		93,003		93,003
Purchase of own shares		(501,657)				(173,873)			(675,530)		(675,530)
Components of comprehensive income											
Profit (loss) for the period								2,076,739	2,076,739	(7,090)	2,083,829
Effects of applying IAS 19						(44,797)			(44,797)		(44,797)
Translation reserve						155,669			155,669	134,930	20,739
Total income (loss) for the year Overall									2,187,611	127,840	2,059,771
Balance at 30/09/2016	26,979,658	(1,727,299)	18,081,738	2,907,138	3,931,382	20,249,330	2,253,718	2,076,739	74,752,403	922,878	73,829,525

Consolidated Cash Flow Statement as at 30/09/2016

Amount in Euro	30.09.2016	30.09.2015
Operating activities:		(1)
Profit (loss)	2,076,739	1,898,796
Amortisation and depreciation	3,290,738	3,217,155
Provision for Severance Pay Fund	3,042,059	2,714,400
Advances/Payments Severance Pay	(2,315,036)	(3,543,840)
Cash flow arising from operating activities	6,094,500	4,286,511
Increase/Decrease in net working capital:		
Variation in stock and payments on account	(7,917,775)	(2,185,103)
Variation in receivables to customers	(1,098,871)	6,271,312
Variation in receivables to parent/subsidiary/associated company	(52,377)	229,745
Variation in other accounts receivable	(4,199,215)	(82,171)
Variation in payables to suppliers	1,806,987	(3,705,808)
Variation in payables to parent/subsidiary/associated company		(63,344)
Variation in tax and social security liabilities	3,339,546	(7,851,079)
Variation in other accounts payable	7,671,638	5,179,429
Cash flow arising (used) from current assets and liabilities	(450,067)	(2,207,019)
Cash flow arising (used) from current activities	5,644,433	2,079,492
Investment activities:		
Variation in tangible assets	(3,899,588)	(517,691)
Variation in intangible assets	(9,769,744)	(1,042,256)
Variation in financial assets	445,388	534,734
Cash flow arising (used) from investment activities	(13,223,944)	(1,025,213)
Financial activities:		
Changes in financial assets other than fixed assets		(370,581)
Changes in financial assets not held as fixed assets	3,765,804	
Changes in fair value of derivatives	(44,797)	
Capital increase	(675,531)	
Dividend paid	(1,044,775)	(1,402,336)
Variation shareholders' equity	198,709	(758,621)
Cash flow arising (used) from financial activities	2,199,410	(2,531,538)
Increase (decrease) in cash	(5,380,100)	(1,477,261)
Banks and cash profits at start of year	8,565,365	14,224,271
Banks and cash losses at start of year	(46,631,913)	(43,957,966)
Banks and cash profits at end of period	12,386,627	10,390,244
Banks and cash losses at end of period	(55,833,275)	(41,601,200)
Increase (decrease) in liquidity	(5,380,100)	(1,477,261)
(1) including taxes and interest paid in the period	3,022,946	1,186,577

EXPLANATORY NOTES TO THE EXPRIVIA GROUP FINANCIAL STATEMENTS

DECLARATION OF COMPLIANCE WITH IFRS

The quarterly report as at 30 September 2016 of the Exprivia Group was prepared in accordance with International Financial Reporting Standards approved by the European Commission (hereafter IAS/IFRS individually or IFRS as a whole).

- The form and content of this quarterly report as at 30 September 2016 conform to the information set out by IAS 34 “Interim Financial Reporting”, in compliance with art. 154-ter of Legislative Decree 58/1998 of the Consolidated Finance Act (TUF) as amended.
- The financial statements were drawn up in accordance with IAS 1 while the notes were prepared in a condensed form, applying the right set out by IAS 34, and consequently do not include all the information required for an annual report drawn up in accordance with IFRS.

Scope of Consolidation

The consolidated financial statements as at 30 September 2016 include the equity, economic and financial situations of the Holding Company Exprivia S.p.A. and subsidiaries, and changed with respect to 31 December 2015 due to the cancellation of the companies ProSap Holding Inc and ProSap Consulting LLC as well as the acquisition of ACS Srl.

The table below shows the companies under consolidation; the investments shown below are all held directly by the holding company Exprivia apart from the companies ProSap SA de CV, ProSap Centroamerica SA and ProSap Perù Sac, which are held indirectly:

Company	Area
Consorzio Exprivia S.c.ar.l.	Other
Exprivia Asia Ltd	International Business
Exprivia IT Solutions (Shanghai) Co Ltd	International Business
Exprivia Projects Srl	Utilities
Exprivia do Brasil Serviços de Informática Ltda	International Business
Exprivia SLU	International Business
ACS Srl	Defence & Aerospace
Exprivia Healthcare IT Srl	Healthcare/Public Sector
Exprivia Telco & Media Srl	Telco & Media
ProSap SA de CV (Messico)	International Business
ProSAP Perù SAC	International Business
ProSAP Centroamerica S.A (Guatemala)	International Business
Sucursal Ecuador de Exprivia SLU	International Business
Exprivia Enterprise Consulting Srl	Oil & Gas/Industry/Utilities
Exprivia Digital Financial Solutions Srl	Banking & Finance
Spegea Scarl	Other

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

Company	H.O.	Company capital	Results for period	Net worth	Total revenues	Total Assets	% of holding
Consorzio Exprivia S.c.a.r.l.	Milano	20,000	(2,052)	14,111		16,057	100.00%
Gruppo Exprivia Asia	Hong Kong	56,076	(271,230)	(508,276)	1,135,883	609,497	100.00%
Exprivia Enterprise Consulting Srl	Milano	1,500,000	(465,351)	1,014,899	5,302,469	6,517,588	100.00%
Exprivia Healthcare IT Srl	Trento	1,982,190	857,831	11,319,648	17,657,464	28,837,936	100.00%
Exprivia Do Brasil Serviços Ltda	Rio de Janeiro (Brasile)	1,626,806	38,890	1,781,985	900,963	2,009,491	52.22%
Exprivia Projects Srl	Roma	242,000	305,593	595,993	3,905,108	2,426,718	100.00%
Exprivia Telco & Media Srl	Milano	1,200,000	265,871	1,465,871	15,412,509	13,940,287	100.00%
Gruppo Exprivia Slu	Madrid (Spagna)/Città del Messico/Città del Guatemala/Perù/Delaware/New York	197,904	(1,115,157)	(236,388)	4,121,486	9,773,162	100.00%
Exprivia Digital Financial Solution Srl	Milano	1,586,919	2,160,110	12,516,280	19,011,369	21,977,781	100.00%
Spegea Sc a rl	Bari	125,000	(64,178)	178,613	534,553	1,034,666	60.00%
ACS Srl	Roma	1,001,307	212,843	868,326	2,541,058	22,910,788	100.00%

Explanatory Notes on the Balance Sheet

Details are provided below on the items in the Balance Sheet, drawn up in accordance with international accounting standards (IAS/IFRS).

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

1. SHAREHOLDERS' EQUITY

1. SHARE CAPITAL

"Share Capital", fully paid up, amounted to Euro 25,252,359 and was represented by 51,883,958 ordinary shares at Euro 0.52 nominal value each, including 3,321,730 own shares amounting to Euro 1,727,300 held as at 30 September 2016.

1. SHARE PREMIUM RESERVE

As at 30 September 2016 the **"share premium reserve"** amounted to Euro 18,081,738 and was the same as at 31 December 2015.

1. REVALUATION RESERVE

As at 30 September 2016 the **"revaluation reserve"** amounted to Euro 2,907,138 and was the same as at 31 December 2015.

1. LEGAL RESERVE

The **"legal reserve"** amounted to Euro 3,931,382 as at 30 September 2016, rising by Euro 221,886 compared to 31 December 2015 due to the allocation of the Exprivia SpA profit from the previous year, as resolved by the shareholders' meeting of 20 April 2016.

1. OTHER RESERVES

The balance of the item **"other reserves"** amounted to Euro 20,249,329 as at 30 September 2016 compared to Euro 17,201,619 as at 31 December 2015 and pertains to:

- Euro 17,363,657 for the **"extraordinary reserve"** which rose by Euro 8,015,488 compared to 31 December 2015, due to both the allocation of the 2015 profit (Euro 3,110,712) as resolved by the shareholders' meeting of Exprivia SpA on 20 April 2016, and due to the effect of the definitive release of the "Provision for investments in the Regione Puglia Programme Agreement" (Euro 4,904,776);
- Euro 3,846,124 to the **"Puglia Digitale Project Reserve"** created in connection with the investment programme called "Puglia Digitale Project" as resolved by the Exprivia shareholders' meeting on 18 April 2013, which remained unchanged with respect to 31 December 2015;
- Euro -960,452 **"other reserves"** compared to Euro -897,451. The movements as at 30 September 2016 related:
 - to the effect of the premium paid to purchase treasury shares amounting to Euro -173,873;

- to the negative effect on shareholders' equity of the change in fair value of the derivative for Euro 47,797;
- to the effect of the change in the currency translation reserve, for Euro 155,669.

1. PROFIT FROM PREVIOUS PERIODS

Profit from previous periods as at 30 September 2016 stood at Euro 2,253,718 compared to Euro 1,945,640 as at 31 December 2015. The change was attributable primarily to the allocation of the Group profit for 2015.

Explanatory Notes on the Income Statement

Details are provided below on the items in the Income Statement, drawn up in accordance with international accounting standards (IAS/IFRS).

All the figures reported in the tables below are in Euro, unless expressly indicated.

2. REVENUE

Revenue from sales and services in the third quarter of 2016 amounted to Euro 32,851,133 compared to Euro 31,738,096 in the same period in 2015.

The table below shows details of revenues, including changes in inventories of raw materials and finished products (Euro -88,819 in the third quarter of 2016 compared to Euro 4,671 in the third quarter of 2015), broken down by business segment relating to the third quarter of 2016 and compared with the figures for the same period of the previous year (€/1000).

Business Areas	Q3 2016	Q3 2015	Variation	Variation%
Banking & Finance	6,032	5,680	352	6.2%
Energia e Utilities	5,532	4,617	915	19.8%
Industry	2,817	2,690	127	4.7%
Oil e Gas	2,807	3,594	(787)	-21.9%
Telco & Media	4,596	4,687	(91)	-1.9%
Healthcare	4,916	5,516	(600)	-10.9%
Public Sector	1,544	1,549	(5)	-0.3%
Aerospace & Defence	2,528	717	1,811	252.4%
International Business	1,884	2,395	(511)	-21.3%
Other	106	297	(191)	-64.4%
Total	32,762	31,743	1,019	3.2%

Details of the revenues relating to the third quarter of 2016 are shown below, compared with the figures for the same period of the previous year and broken down by type of business (€/1000).

Exprivia Group (value in k Euro)	Q3 2016	Q3 2015	Variation	Variation%
Projects and Services	28,659	27,569	1,090	4.0%
Maintenance	3,437	3,228	209	6.5%
HW/ SW third parties	331	353	(22)	-6.2%
Own licences	215	297	(82)	-27.6%
Other	120	296	(176)	-59.5%
Total	32,762	31,743	1,019	3.2%

Details of the revenues relating to the third quarter of 2016 are shown below, compared with the figures for the third quarter of 2015 and broken down by private and public sector (€/1000).

Exprivia Group (value in k Euro)	Q3 2016	Effect %	Q3 2015	Effect %
PRIVATE	28,130	85.9%	25,611	80.7%
PUBLIC	4,632	14.1%	6,132	19.3%
Total	32,762		31,743	

Details of the revenues relating to the third quarter of 2016 are shown below, compared with the figures for the third quarter of 2015 and broken down by geographical area (€/1000).

Exprivia Group (value in k Euro)	Q3 2016	Effect %	Q3 2015	Effect %
ITALY	29,177	89.1%	28,666	90.3%
FOREIGN	3,585	10.9%	3,077	9.7%
Total	32,762		31,743	

3. OTHER INCOME

In the third quarter of 2016, **“other revenue and income”** amounted to Euro 1,334,602 compared to Euro 750,970 in the same period of the previous year. The table below provides details on the items:

Description	Q3 2016	Q3 2015	Variation
Other revenue and income	433,391	120,021	313,370
Grants related to income	338,181	358,365	(20,184)
Increase in capitalised expenses for intenal	563,030	272,584	290,446
TOTAL	1,334,602	750,970	583,632

Other Revenue and Income

In the third quarter of 2016, **“other revenue and income”** amounted to Euro 433,391 compared to Euro 120,021 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2016	Q3 2015	Variation
Contingency assets	138,571	35,653	102,918
Rental income	1,546	(1,201)	2,747
Other revenue	216,515	28,556	187,959
Pay in lieu of notice	9,810	14,859	(5,049)
Income from assignment of vehicles to staff	37,104	42,154	(5,050)
Capital gains	29,843	-	29,843
TOTAL	433,391	120,021	313,369

Grants for Operating Expenses

In the third quarter of 2016 **“grants for operating expenses”** amounted to Euro 338,181 compared to Euro 358,365 in the same period in 2015 and referred to grants and tax breaks pertaining to the period or authorised in the period for funded research and development projects.

Costs for Capitalised Internal Projects

In the third quarter of 2016 **“costs for capitalised internal projects”** amounted to Euro 563,030 compared with Euro 272,584 in the same period in 2015 and mainly referred to expenses incurred in the quarter to develop products for the banking, healthcare and aerospace segments.

4. CHANGE IN INVENTORIES OF RAW MATERIALS AND FINISHED PRODUCTS

In the third quarter of 2016 the balance of the item **“change in inventories of raw materials and finished products”** amounted to Euro -88,819 compared to Euro 4,671 in the same period of the previous year. It referred to changes in finished products in the healthcare segment.

5. RAW MATERIALS, CONSUMABLES AND GOODS

In the third quarter of 2016 the item **“raw materials, consumables and goods”** amounted to Euro 2,347,520 compared to Euro 2,314,147 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2016	Q3 2015	Variation
Purchase of HW-SW products	445,816	420,936	24,879
Purchase of HW-SW maintenance	1,795,304	1,765,170	30,134
Stationery and consumables	14,970	33,346	(18,376)
Fuel and oil	52,378	44,090	8,288
Other costs	618	14,402	(13,785)
Purchase of sundries	33,783	33,848	(65)
Warranty services on our customers activities	4,652	2,354	2,298
TOTAL	2,347,520	2,314,147	33,374

6. STAFF COSTS

The item “**staff costs**” amounted to Euro 21,197,639 in the third quarter of 2016 compared to Euro 20,765,054 in the same period of 2015. The table below provides details on the item:

Description	Q3 2016	Q3 2015	Variation
Salaries and wages	15,358,565	15,328,898	29,667
Social charges	3,929,811	3,968,341	(38,530)
Severance Pay	1,110,863	1,001,372	109,491
Other staff costs	798,399	466,443	331,957
TOTAL	21,197,639	20,765,054	432,584

The number of group employees as at 30 September 2016 amounted to 2,138 workers, 2,125 of which employees and 13 temporary workers, compared to 2,083 (2,076 employees and 7 temporary workers) as at 31 December 2015 and 2,090 (2,078 employees and 12 temporary workers) as at 30 September 2015.

7. COSTS FOR SERVICES

In the third quarter of 2016 the consolidated balance of the item “costs for services” amounted to Euro 4,931,602 compared to Euro 5,147,931 in the same period of the previous year. The table below provides details on the items:

Description	Q3 2016	Q3 2015	Variation
Technical and commercial consultancy	2,083,958	2,727,758	(643,800)
Administrative/company/legal consultancy	460,534	304,803	155,731
Consultancy to subsidiary companies	0	17,626	(17,626)
Data processing service	135,118	94,487	40,631
Auditors' fees	40,415	56,809	(16,394)
Travel and transfer expenses	522,954	558,695	(35,741)
Other staff costs	19,971	57,542	(37,572)
Utilities	259,969	312,564	(52,595)
Advertising and agency expenses	130,270	113,038	17,232
Bank charges	126,658	165,555	(38,897)
HW and SW maintenance	81,403	121,839	(40,435)
Insurance	233,323	188,454	44,869
Costs of temporary staff	299,510	53,913	245,597
Other costs	491,316	279,870	211,445
Mail services	46,203	94,976	(48,773)
TOTAL	4,931,602	5,147,931	(216,328)

The most significant change was due to the reduction in consultancy costs, corresponding to the decrease in revenues, especially in the Oil & Gas area and International Business.

8. COSTS FOR LEASED ASSETS

In the third quarter of 2016 the item “costs for leased assets” amounted to Euro 1,085,971 compared to Euro 1,137,817 in the same period of the previous year. The table below provides details on the items:

Description	Q3 2016	Q3 2015	Variation
Rental expenses	454,924	488,065	(33,141)
Car rental/leasing	262,909	252,530	10,379
Rental of other assets	193,176	(40,577)	233,753
Royalties	27,986	23,393	4,593
Leasing payments	138,135	414,406	(276,271)
Property maintenance	8,841	-	8,841
TOTAL	1,085,971	1,137,817	(51,846)

9. SUNDRY OPERATING EXPENSES

In the third quarter of 2016 the item “sundry operating expenses” amounted to Euro 192,773 compared to Euro 145,020 in the same period of the previous financial year. The table below provides details on the items:

Description	Q3 2016	Q3 2015	Variation
Annual subscriptions	40,819	36,890	3,929
Books and magazines	3,601	616	2,986
Taxes	37,681	70,589	(32,908)
Stamp duty	17,778	3,932	13,846
Penalties and fines	71,194	1,705	69,489
Charitable donations	4,034	6,680	(2,646)
Contingency liabilities	325	25,743	(25,418)
Write-offs	0	(716)	717
Sundry expenses	15,888	(15,416)	31,304
Capital losses on disposals	1,452	(3)	1,455
TOTAL	192,773	145,020	47,754

10. PROVISIONS

In the third quarter of 2016, the consolidated balance of the item “provisions” amounted to Euro 76,732 compared with Euro -146,271 in the same period of 2015.

The table below shows movements in the third quarter of 2016 compared with those in the third quarter of 2015.

Description	Q3 2016	Q3 2015	Variation
Provision for risks of litigation		(131,016)	131,016
Provision for legal disputes with employees	62,795	(82,187)	144,982
Other provisions	13,937	66,932	(52,995)
TOTAL	76,732	(146,271)	223,003

11 . AMORTISATION, DEPRECIATION AND WRITE-DOWNS

In the third quarter of 2016 the item “amortisation, depreciation and write-downs” amounted to Euro 1,289,214 compared to Euro 1,080,767 in the same period of 2015.

Amortisation and Depreciation

“**Amortisation and depreciation**” amounted to Euro 1,261,132 compared with Euro 1,076,050 in the third quarter of 2015 and referred to Euro 879,705 for intangible assets and Euro 381,427 for tangible assets.

Doubtful Receivables Included in Current Assets

The balance of “**write-downs**” in the third quarter of 2016 amounted to Euro 28,082 compared to Euro 4,717 in the third quarter of 2015 and referred to doubtful receivables unlikely to be collected.

12. FINANCIAL (INCOME) CHARGES AND OTHER INVESTMENTS

In the third quarter of 2016 “**financial (income) charges and other investments**” amounted to Euro 706,178 compared with Euro 575,810 in the third quarter of 2015. The table below provides details on the items.

Description	Q3 2016	Q3 2015	Variation
Proceeds from shareholdings from parents	(22,923)	(7,314)	(15,609)
Income from other investments	(219)		(219)
Other income other than the above	(172,158)	(33,058)	(139,100)
Interest and other financial charges	683,639	591,594	92,045
From parent charges	95,216		95,216
Profit and loss on currency exchange	122,623	24,588	98,035
TOTAL	706,178	575,810	130,368

Income from Parent Companies

In the third quarter of 2016 “**income from parent companies**” amounted to Euro 22,923 compared with Euro 7,314 in the third quarter of 2015 and referred to interest charged to the parent company Abaco Innovazione S.p.A. for a loan granted by Exprivia SpA.

Income from Other Investments

The balance of the item “**income from other investments**” totalled Euro 219 in the third quarter of 2016 and referred to dividends received from minority interests.

Other Financial Income

In the third quarter of 2016 the item “**other financial income**” amounted to Euro 172,158 compared to Euro 33,058 in the same period of 2015. The table below provides details on the item.

Description	Q3 2016	Q3 2015	Variation
Bank interest receivable	1,131	1,376	(245)
Interest income from securities	169		169
Other interest income	170,823	30,940	139,884
Rounding up of assets	34	742	(707)
TOTAL	172,158	33,058	139,100

The item “**other interest receivable**” included Euro 141,110 in legal interest accrued on compensation due in relation to a legal case concluded in the third quarter of 2016.

Interest and Other Financial Charges

In the third quarter of 2016 the item “**interest and other financial charges**” amounted to Euro 683,639 compared to Euro 591,594 in the same period of the previous year. The table below provides details on the items.

Description	Q3 2016	Q3 2015	Variation
Bank interest payable	126,349	75,566	50,784
Interest on loans and mortgages	293,989	333,154	(39,165)
Sundry interest	244,396	140,591	103,805
Charges on financial products and sundry items	18,968	49,590	(30,622)
Rounding up/down	(61)	(632)	571
Interest cost IAS 19	(0)	(6,675)	6,674
TOTAL	683,639	591,594	92,046

Gains and Losses on Currency Exchange

In the third quarter of 2016 “**losses on currency exchange**” amounted to Euro 122,623 compared to Euro 24,588 in the third quarter of 2015 and mainly referred to the fluctuations in exchange rates due to commercial transactions carried out in a different currency to the national currency of the foreign companies of the Exprivia Group.

13. TAXES

In the third quarter of 2016 “**taxes**” amounted to Euro 752,106 compared to Euro 655,964 in the third quarter of 2015. The table below provides details on the changes compared to the previous period.

Description	Q3 2016	Q3 2015	Variation
IRES	530,985	208,069	322,916
IRAP	142,795	88,944	53,851
Foreing tax	(2,960)	7,430	(10,390)
Taxes from prior years	43,117	(95,869)	138,986
Defered tax	(18,597)	(8,089) -	10,508
Deferred tax assets	56,766	455,478	(398,712)
TOTAL	752,106	655,964	96,142

The Holding Company Exprivia SpA acts as the consolidating company and determines a single taxable result for the companies under National Tax Consolidation in accordance with art. 117 of T.U.I.R.

Each company under Tax Consolidation contributes taxable income or tax loss to Exprivia SpA as a payable/receivable for the consolidating company, depending on their IRES.

14. PROFIT (LOSS) FOR THE YEAR

The income statement for the third quarter of 2016 closed with a consolidated profit (after taxes) of Euro 1,517,181 compared to Euro 817,500 in the third quarter of 2015.

15. EARNINGS (LOSS) PER SHARE

Information on figures used to calculate earnings per share and diluted earnings is provided below in accordance with IAS 33.

Earnings (loss) per share is calculated by dividing net profit for the period as reported in the consolidated financial statements drawn up in accordance with IAS/IFRS, attributable to ordinary shareholders of the Holding Company, excluding the treasury shares, by the average number of ordinary shares in circulation during the period.

For the purpose of calculating basic earnings per share, the economic result for the period minus the amount attributable to minority interests was used in the numerator. In addition, there are no privileged dividends, conversion of privileged shares and other similar effects which could adjust the economic result attributable to holders of ordinary capital instruments.

At 30 September 2016 the basic and diluted earnings per share amounted to Euro 0.0426.

Profits (Euro)	30/09/2016
Profits for determining basic earnings per share (Net profit due to shareholders of parent company)	2,083,829
Profit for determining the earnings per basic share	2,083,829
Number of shares	30/09/2016
Number of ordinary shares at 1 January 2014	51,883,958
Purchase of own shares at 31 december 2014	3,321,730
Average weighted number ordinary shares for calculation of basic profit	48,971,508
Earnings per share (Euro)	30/09/2016
Profit (loss) per basic share	0.0426
Diluted earnings (loss) per share	0.0426

16. INFORMATION ON THE CASH FLOW STATEMENT

The **consolidated Net Financial Position** as at 30 September 2016 was Euro -41 million, a deterioration compared to 31 December 2015 of Euro 4.7 million, when it was Euro -36.3 million.

The Group increased its financial debt due to the slight absorption of net working capital for Euro 0.5 million, the maintenance of a good level of investments, equal to Euro 9.5 million, which was impacted by the effect of the accounting consolidation of ACS (Euro 8.5 million), the distribution in the first half of 2016 of the 2015 dividend (Euro 0.1 million) and the acquisition of treasury shares (Euro 0.7 million), despite positive cash flows deriving from income management for Euro 6.2 million.

STATEMENT PURSUANT TO ART. 154-BIS(2) OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 ON THE PROVISIONS CONCERNING BROKERAGE AND SUBSEQUENT AMENDMENTS

The undersigned, Gianni Sebastiano, financial reporting officer responsible for preparing the corporate accounts, in accordance with Art. 154-bis(2) of Italian Legislative Decree no. 58 of 24 February 1998, introduced by Italian Law no. 262 of 28 December 2005, hereby states that the information and data on the economic, capital and financial standing contained in this Interim Report on Operations as at 30 September 2016 referring to the Consolidated Financial Statements correspond to the accounting documents, books and records.

Molfetta, 11 November 2016.

Financial Reporting Officer Responsible for Preparing Corporate Accounting Documents

Gianni Sebastiano