



# Annual Financial Report 2016

Be



## **Annual Financial Report 2016**

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## 2016 Management Report

Registered office:  
Viale dell'Esperanto 71 - Rome  
Share capital:  
€ 27,109,164.85, fully paid up  
Rome Register of Companies  
Tax code and VAT number 01483450209

## 1. Corporate Bodies

### Board of Directors

- Antonio Taverna	Chairman
- Stefano Achermann	Chief Executive Officer
- Carlo Achermann	Director
- Claudio Berretti	Director
- Anna Lambiase	Director
- Bernardo Attolico	Director
- Anna Zattoni	Independent Director
- Cristina Spagna	Independent Director
- Umberto Quilici	Independent Director

*The Board of Directors was appointed by the Shareholders' Meeting of 12 June 2014 and will remain in office until the date of approval of the financial statements at 31 December 2016.*

### Board of Statutory Auditors

- Giuseppe Leoni	Chairman
- Rosita Natta	Standing Auditor
- Stefano De Angelis	Standing Auditor
- Roberta Pirola	Alternate Auditor
- Biones Ferrari	Alternate Auditor

*The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2015 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2017.*

### Control and Risk Committee

- Umberto Quilici	Independent Chairman
- Bernardo Attolico	Member
- Anna Zattoni	Independent Member

*The Control and Risk Committee was appointed by Board of Directors' resolution on 18 June 2014 for 3 years, expiring on approval of the financial statements at 31 December 2016.*

### Remuneration and Appointments Committee

- Cristina Spagna	Independent Chairman
- Claudio Berretti	Member
- Umberto Quilici	Independent Member

*The Remuneration and Appointments Committee was appointed by Board of Directors' resolution on 18 June 2014 for 3 years, expiring on approval of the financial statements at 31 December 2016.*

### Independent Auditors

- Deloitte & Touche S.p.A.

*The independent auditors received their assignment at the Shareholders' Meeting of 10 May 2012*

## 2. Summary income statement and statement of financial position

(amounts in EUR millions)

### Key profitability indicators

	FY 2016	FY 2015
Value of production	136.7	115.4
EBITDA	16.2	15.0
EBIT	9.2	8.1
Profit (loss) before tax	7.5	6.3
Net profit (loss)	4.2	3.5

### Key equity and financial indicators

	31.12.2016	31.12.2015
Group Shareholders' equity	50.6	48.4
Net Invested Capital	52.7	56.3
Net Operating Working Capital (NOWC)	10.5	10.1
Net Financial Position	(1.6)	(7.1)

### Value of production by operating segment

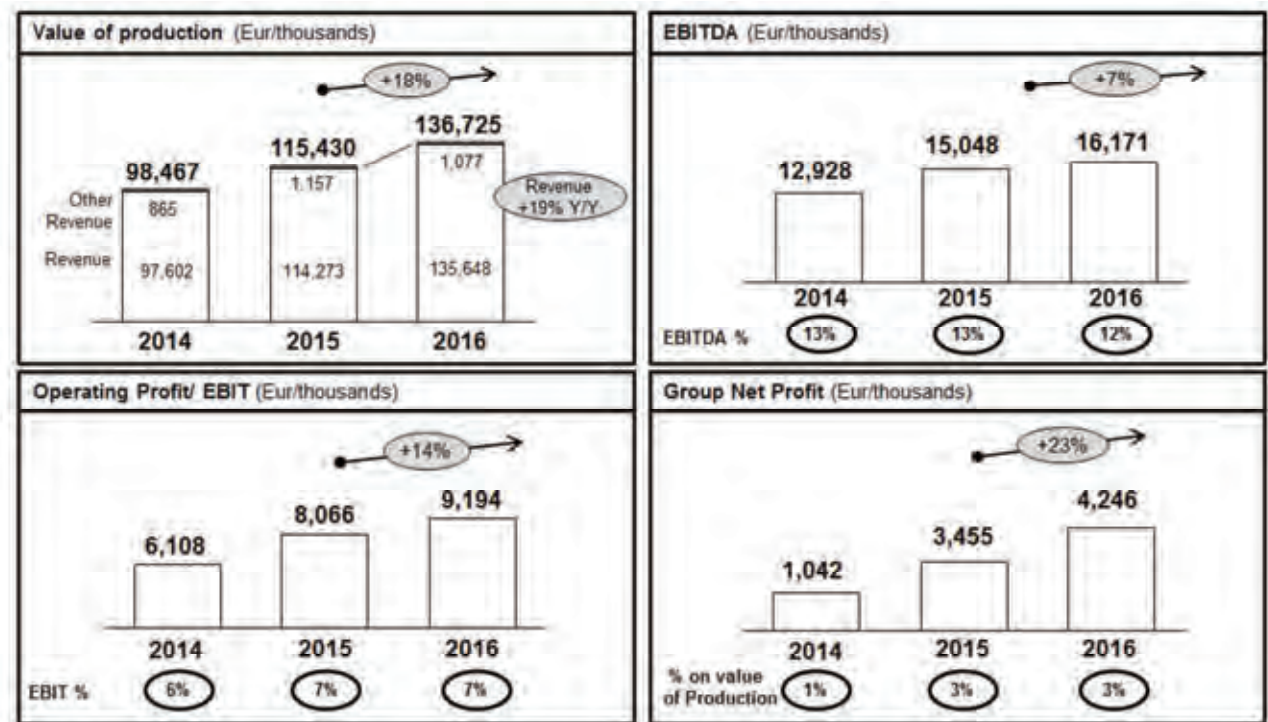
	FY 2016	FY 2015
Business Consulting	102.3	79.0
ICT Solutions	30.8	31.7
ICT Professional Services	3.5	4.6
Other	0.1	0.1
<b>TOTAL</b>	<b>136.7</b>	<b>115.4</b>

### Value of production by customer type

	FY 2016	FY 2015
Banks	112.9	94.0
Insurance	13.6	13.3
Industry	10.2	7.9
Public Administration	0.0	0.1
Other	0.0	0.1
<b>TOTAL</b>	<b>136.7</b>	<b>115.4</b>

### Group Headcount

	31.12.2016	31.12.2015
Executives	99	86
Middle Managers	123	112
White collar	845	841
Blue collar	2	2
Apprentices	16	16
<b>TOTAL</b>	<b>1,085</b>	<b>1,057</b>



### 3. Group Structure and ShareholdersBe Group

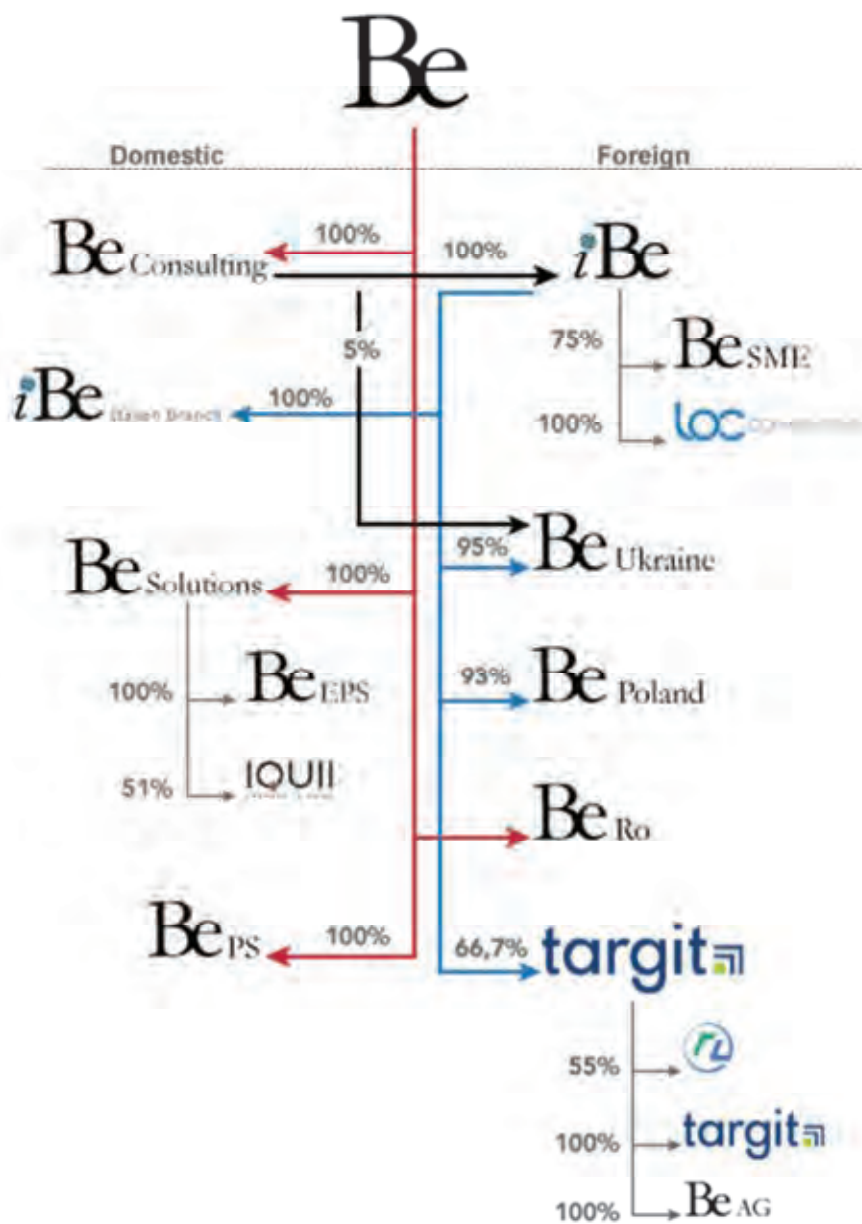
**Be Group** is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industry to improve their competitive capacity and their potential to create value. With around 1,100 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine and Romania, in 2016 the Group recorded a total value of production of Euro 136.7 million.

**Be Think, Solve, Execute S.p.A. (Be S.p.A. for short)**, listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination of operating, strategic and financial decisions of the subsidiaries and through management and control of reporting flows in readiness for preparation of both annual and interim accounting documents.

The following chart shows the Group structure at 31 December 2016:

• Tamburi Investment Partners S.p.A.	23,41%
• Future Power in Action S.r.l.	10,02%
• BNY Mellon Service Kapitalanlage GmbH	10,00%
• Achermann Stefano	5,76%
• Other Shareholders	50,81%

ILLUSTRATIVA



(\*) The above chart does not include the subsidiary A&B S.p.A. in liquidation, 100% owned by the Parent Company Be S.p.A. This company provided services for local public administration and is currently inactive. The liquidation procedure began in the first half of 2015 and was completed in January 2017.



At 31 December 2016, the number of shares outstanding totalled 134,897,272, and the shareholding structure - as indicated in disclosures pursuant to art. 120 of the “Consolidated Law on Finance” (TUF) and in relation to notices received in accordance with internal dealing regulations - was as follows:

<b>Shareholders</b>			
	<b>Nationality</b>	<b>No. of Shares</b>	<b>% Ordinary capital</b>
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.41
iFuture Power in Action S.r.l.	Italian	13,519,265	10.02
BNY Mellon Service Kapitalanlage GmbH	Italian	13,489,700	10.00
Stefano Achermann	Italian	7,771,132	5.76
<b>Float</b>		<b>68,534,950</b>	<b>50.81</b>
<b>Total</b>		<b>134,897,272</b>	<b>100.00</b>

#### 4. Business Model and operating segments

“Be” is a group specialising in the IT Consulting segment of the Financial Services sector. The organisation is divided by design into different specialisations: Business Consulting, ICT Solutions and platforms, and ICT Professional Services.

##### I. BUSINESS CONSULTING

The business consulting segment focuses on the capacity to support the financial services industry in implementing business strategies and/or creating important plans for change. Its specialist skills are in constant development in the areas of payment systems, planning & control methods, regulatory compliance, information gathering and corporate governance systems for financial processes and asset management.

<i>No. of employees</i>	585 employees at 31 December 2016
<i>Core business</i>	Banking, Insurance.
<i>Segment revenue at 31 December 2016</i>	Euro 102.3 million
<i>Operating units</i>	Rome, Milan, London, Kiev, Warsaw, Munich, Vienna, Zurich.

The Group’s Business Consulting segment operates through the following subsidiaries:

- **Be Consulting S.p.A.** Established in 2008 the company operates in the sector of management consulting for financial institutions. Its aim is to provide support to the Systemically Important Financial Institutions (SIFIs) in creating value, with a particular focus on changes that affect business, the IT platforms and corporate processes. Be Think, Solve, Execute is the 100% owner of Be Consulting’s share capital;
- **iBe TSE Limited.** Based in London, this company operates on the UK and European market, focusing on financial services consulting, with a customer base with high profiles on the UK and

international markets. It specialises in the banking and financial sectors, particularly providing support in the field of innovation and payment services. Since 2012, Be Consulting has been 100% owner of the company's share capital. In 2014, the company changed its name from the previous Bluerock Consulting Ltd.

- **Be Ukraine LLC.** Established in Kiev in December 2012, this company is 95% owned by iBe TSE Limited and 5% by Be Consulting S.p.A. It performs consulting and development activities for core banking systems and in the areas of accounting and bank reporting.
- **Be Poland Think, Solve and Execute, sp zo.o.** Established in Warsaw in January 2013, this company is 93% owned by iBe TSE Limited and 7% by its own management.
- **Targit Group.** This Group specialises in ICT consulting services, primarily on the German and Austrian markets and operating through its Parent Company Munich-based Targit GmbH and the two 100% subsidiaries Targit GmbH Wien with offices in Vienna and Be TSE Switzerland based in Zurich (created from the merger between Targitfs AG and OSS Unternehmensberatung AG, a company acquired in August 2015). At 31 December 2016 iBe TSE Limited controlled the Group with a 66.67% interest.
- **Be Sport, Media & Entertainment Ltd.** Established in August 2014 and based in London, this company is 75% owned by iBe TSE Limited, and provides data analysis and enhancement services, loyalty programmes, digital distribution of proprietary content and the transformation of sports venues and large museums into cashless operations.
- **LOC Consulting Ltd.** A company whose registered office is in London, specialised in consulting services for the management of complex transformation programmes in the financial and public sectors in the UK.
- **R&L AG.** A company whose registered office is close to Munich 55% of which is owned by Targit GmbH Munich, specialised in Consulting and IT solutions in the Payments sector and specifically as regards SWIFT.

## II. ICT SOLUTIONS

The ICT Solutions segment is able to bring together business skills and technology solutions, products and platforms, creating theme-based business lines also as part of highly specialised segment-leading applications;

<i>No. of employees</i>	338 at 31 December 2016.
<i>Core Businesses</i>	Banking, Insurance, Energy and Public Administration.
<i>Segment revenue at 31 December 2016</i>	Euro 30.8 million.
<i>Operating units</i>	Rome, Milan, Turin, Spoleto, Pontinia, Bucharest.

Be Group operates in the ICT Solutions segment through the following subsidiaries:

- **Be Solutions S.p.A.** aims to offer specialised system integration services for proprietary products/platforms or those of third-party market leaders. In recent years, special skills have been developed in corporate control and governance systems, in the insurance sector, the management of multi-channel systems and billing systems for the utilities segment. Cooperation agreements and partnerships are currently in place with a number of the major players in the ICT industry (Oracle, Microsoft, IBM). The partnerships regard: retailing of catalogue software products, access to training courses and HR certification, as well as professional training on the main product developments in the sector of the two providers. Be Solutions is 100% owner of Be Enterprise Process Solutions S.p.A.

- **Be Enterprise Process Solutions S.p.A.** a company dedicated to the development of services, solutions and platforms in the BPO/DMO area with the aim of implementing/managing:
  - o Business Process Outsourcing (BPO) activities through the use of technology solutions and input from specialist resources (e.g. management of incoming and outgoing correspondence or the management of sector-specific processes);
  - o Value Added Services, i.e. innovative solutions to solve specific problems through new service models that are mainly outsourced.
- **Be Think Solve Execute RO S.r.l.** established in July 2014 and based in Bucharest. The company develops the Group's "near shoring" operations involving high complexity projects in the System Integration segment.
- **Iquii S.r.l.** established in 2011, it specialises in the development of web and mobile applications, in the design of wearables and in the management of the Internet of Things; in addition, it has significant expertise in managing social media, integrated marketing and digital PR.

### III. ICT PROFESSIONAL SERVICES

A pool of resources specialised in languages and technology, able to lend its professionalism to supporting critical systems or wide-scale technology upgrade plans.

<i>No. of employees</i>	118 at 31 December 2016.
<i>Core Businesses</i>	Banking, Industry and Public Administration.
<i>Segment revenue at 31 December 2016</i>	Euro 3.5 million.
<i>Operating units</i>	Rome, Milan, Turin.

**Be Professional Services S.p.A.** gathers together the Group's expertise in the most common development languages. The aim is to be involved in major developments for the leading financial institutions, providing highly-specialised professional resources.

## 5. Events involving the Group in 2016

### Important resolutions of the Shareholders' Meeting

On 26 April 2016, the Shareholders' Meeting resolved to approve the financial statements at 31 December 2015 of Be S.p.A. and to allocate the Euro 2,546,304.73 profit for the year as Euro 1,500,000.00 in gross dividend distribution, amounting to Euro 0.01112 per share (gross of statutory withholding tax), Euro 127,315.24 to the Legal Reserve and the remaining Euro 918,989.49 to the Extraordinary Reserve.

The payment date of the dividend was 25 May 2016 on coupon no. 6, with coupon date of 23 May 2016 and record date of 24 May 2016.

## Events important to business development

In February 2016, Be Group extended its range of banking services by acquiring 55% of R&L AG and 100% of LOC Consulting Ltd, continuing with its strategy that seeks to create a European IT Consulting Group to serve the financial services industry.

R&L AG, whose registered office is close to Munich, specialises in Consulting and IT solutions in the Payments sector and specifically as regards SWIFT. The transaction was finalised through the subsidiary Targit GmbH, which already operates in Germany. For further details regarding the transaction, please refer to paragraph “2.7. Business combinations in the reporting period” in the Notes to this Report.

LOC Consulting Ltd, whose registered office is in London, specialises in consulting services for the management of complex transformation programmes in the financial and public sectors in the UK and played an important role in “eGov Framework”, a digitalisation programme of the British government, which has high ambitions at European level. The acquisition was finalised through the subsidiary iBe Ltd, which already operates in the UK. For further details regarding the transaction, please refer to paragraph “2.13. Business combinations in the reporting period” in the Notes to this Report.

In July Be Group acquired 51% of IQUII S.r.l., a digital company set up in 2011 and specialised in web and mobile app development, the design of wearables and the management of the “Internet of Things”. In addition, IQUII has significant expertise in managing social media, integrated marketing and digital PR. This acquisition will allow Be to channel all its digital development activities (web and mobile) requested by its customers to a specialised player. The established price paid for the 51% interest was Euro 400,000. The parties also established two subsequent put/call options to acquire a further 29% by 2021 and the option of achieving 100% of the capital with the purchase in 2025 of the residual share capital.

In October, Be Group was awarded, as Parent Company of a Temporary Grouping of Enterprises, a multi-year European tender for the provision of IT services in the period 2016-2019 with Cassa Depositi e Prestiti S.p.A. (CDP). The contract, whose total value is around Euro 7.4 million - more than Euro 4.8 million to be delivered by Be over the next 36 months - regards the launch of highly innovative projects with a Big Data approach. The contract also includes all the evolutionary activities in the digital innovation context, on CDP platforms.

## 2017-2019 Business Plan

On 7 July 2016, the Board of Directors of Be S.p.A. approved the new 2017-2019 Business Plan, which confirms the Group’s focus on growth, mainly abroad in markets where the Group aims to achieve more than half of its production in 2019.

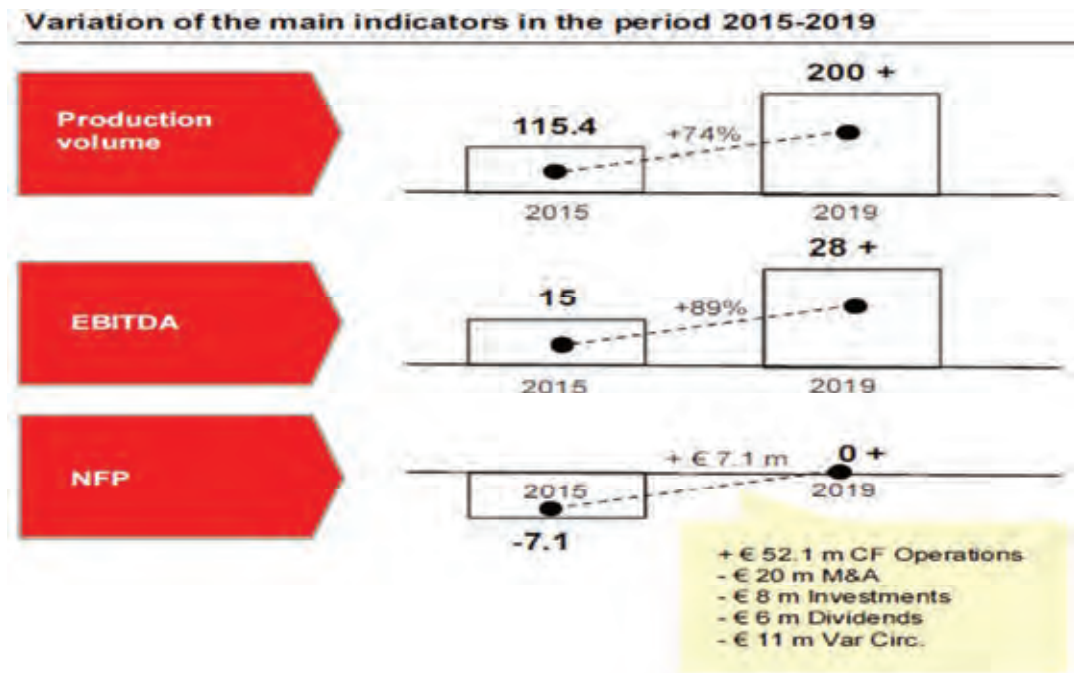
The main strategic guidelines by business segment are as follows:

- “Banking” segment: planned significant investments in the further development of competences and know-how, with an increasing focus on international markets, through the integration of the existing geographical network (Italy, Germany and UK);
- “Insurance” segment: significant evolutions of the proprietary Life IT platforms, in terms of new functionalities and technological standards; introduction on the Italian market of multichannel solutions developed abroad, and development of the Consulting practice”;
- “Entertainment” segment: focus on high visibility market niches, leveraging on the marketing competences developed within the Group over the past three years;
- Other markets: maintaining the positioning on the current segments on Energy and Public Sector markets, strengthening the distinctive competences in specific market segments.

The main economic and financial targets of the Business Plan as of 2019 are summarised below:

- Expected Value of Production: > Euro 200 million, an increase of 74% compared to 31 December 2015 (Euro 115.4 million), more than 50% from abroad;

- Gross operating margin (EBITDA): > Euro 28 million, an increase of 90% compared to 31 December 2015 (Euro 15 million). 75% of this figure is expected to be generated by the Business Consulting segment.
- Net Financial Debt: substantially balanced and close to zero, with an improvement compared to 31 December 2015 (Euro 7.1 million); it includes expected investments for M&A of Euro 20 million, other investments of Euro 8 million and dividends of Euro 6 million.



## 6. Analysis of economic, financial and equity data

Following the entry into force of Regulation (EC) no. 1606/2002 issued by the European Parliament and the European Council in July 2002 and of Italian Legislative Decree 38/2005, the consolidated and separate financial statements to which we refer, have been prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

According to the faculties envisaged by Italian Legislative Decree no. 32 of 2 February 2007, the Management Report of the 2016 Annual Financial Statements must include, as in the previous year, information on both the consolidated financial statements and the financial statements of the Parent Company Be S.p.A.

One of the main indicators adopted to assess the economic and financial performance of the Group is the Gross Operating Margin, or Earnings before Interests, Taxes, Depreciation & Amortization (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

## 6.1 Group economic performance

The Value of Production amounted to Euro 136.7 million, compared to Euro 115.4 million in 2015.

Operating revenue was Euro 135.6 million, up 18.7% compared to 2015 (Euro 114.3 million).

This significant improvement is mostly attributable to the Business Consulting segment, which recorded revenue of Euro 101.8 million (+29.7% compared to 2015). The operating revenue recorded by foreign subsidiaries amounted to Euro 57.0 million, up 72.6% compared to 2015 (Euro 33.0 million). 42% of total Group revenues are generated from its businesses abroad.

At 31 December 2016, operating costs increased by around Euro 20.2 million compared to last year (+20.1%), and in particular:

- service costs increased by around Euro 11.2 million (+23.0%);
- personnel costs increased by around Euro 9.2 million (+17.6%);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 2.4 million, marking an increase of Euro 0.2 million (+9.3%).

The Gross Operating Margin (EBITDA) was Euro 16.2 million, up 7.5% compared to 2015 (Euro 15.0 million). The EBITDA margin was slightly down on 2015, recording 11.8%.

Amortisation and depreciation totalled Euro 5.9 million, up by Euro 0.6 million compared to last year (Euro 5.3 million). Provisions and write-downs amounted to Euro 1.1 million, against Euro 1.6 million last year,

Operating profit (loss) (EBIT) was Euro 9.2 million, up 14.0% compared to 2015 (Euro 8.1 million). The EBIT Margin stood at 6.7%, slightly down on 7.0% in 2015.

Profit (loss) before tax from continuing operations was Euro 7.5 million, up 19.2% compared to Euro 6.3 million recorded in 2015.

Taxes for 2016 amounted to Euro 2.9 million, compared to Euro 2.4 million last year.

Group net profit was Euro 4.2 million, against profit of around Euro 3.5 million in 2015, up 22.9%.

At 31 December 2016, discontinued operations had no impact on the income statement, therefore the costs and revenue recognised in the consolidated income statement refer solely to “continuing operations”.

The Consolidated Income Statement is shown below, restated at 31 December 2016, and is compared to the amounts of the previous year.

### Restated Consolidated Income Statement

<i>Amounts in EUR thousands</i>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Operating revenue	135,648	114,273	21,375	18.7%
Other operating revenue and income	1,077	1,157	(80)	(6.9%)
<b>Value of production</b>	<b>136,725</b>	<b>115,430</b>	<b>21,295</b>	<b>18.4%</b>
Cost of raw materials and consumables	(284)	(564)	280	(49.6%)
Cost of services and use of third-party assets	(59,825)	(48,627)	(11,198)	23.0%
Personnel costs	(61,337)	(52,164)	(9,173)	17.6%
Other costs	(1,488)	(1,205)	(283)	23.5%
Internal capitalisations	2,380	2,178	202	9.3%
<b>Gross Operating Margin before provisions and write-downs (EBITDA)</b>	<b>16,171</b>	<b>15,048</b>	<b>1,123</b>	<b>7.5%</b>
Amortisation and depreciation	(5,891)	(5,336)	(555)	10.4%
Write-downs and provisions	(1,086)	(1,646)	560	(34.0%)
<b>Operating Profit (Loss) (EBIT)</b>	<b>9,194</b>	<b>8,066</b>	<b>1,128</b>	<b>14.0%</b>
Net financial income and expense	(1,741)	(1,816)	75	(4.1%)
Value adjustments to financial assets	0	0	0	n.a.
<b>Profit (loss) before tax from continuing operations</b>	<b>7,453</b>	<b>6,250</b>	<b>1,203</b>	<b>19.2%</b>
Taxes	(2,886)	(2,448)	(438)	17.9%
<b>Net profit (loss) from continuing operations</b>	<b>4,567</b>	<b>3,802</b>	<b>765</b>	<b>20.1%</b>
<b>Net profit (loss) from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
<b>Consolidated net profit (loss)</b>	<b>4,567</b>	<b>3,802</b>	<b>765</b>	<b>20.1%</b>
Net profit (loss) attributable to minority interests	321	347	(26)	(7.5%)
<b>Group net profit (loss)</b>	<b>4,246</b>	<b>3,455</b>	<b>791</b>	<b>22.9%</b>

The breakdown of the Value of Production by operating segment is provided below:

### Value of production by operating segment

<i>Amounts in EUR millions</i>	<b>FY 2016</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>	<b>Δ (%)</b>
Business Consulting	102,286	74.8%	79,042	68.5%	29.4%
ICT Solutions	30,820	22.5%	31,707	27.5%	(2.8%)
ICT Professional Services	3,485	2.5%	4,583	4.0%	(24.0%)
Other	134	0.1%	98	0.1%	36.0%
<b>TOTAL</b>	<b>136,725</b>	<b>100.0%</b>	<b>115,430</b>	<b>100.0%</b>	<b>18.4%</b>

An analysis of the breakdown of the Value of Production by operating segment shows the following:

- in the Consulting segment, the increase in the value of production recorded in 2016 benefits from the portion of revenue deriving from acquisition of LOC Consulting Ltd and R&L AG, plus the considerable increase in the turnover volumes of foreign companies, particularly those of the Targit Group.
- ICT activities overall recorded a value of production down by 5.5% compared to the year ending 31 December 2015.

The breakdown of the Value of Production by customer type is also provided below:

### Value of production by customer type

<i>Amounts in EUR millions</i>	<b>FY 2016</b>	<b>%</b>	<b>FY 2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Banks	112,890	82.6%	93,969	81.4%	20.1%
Insurance	13,604	9.9%	13,373	11.6%	1.7%
Industry	10,209	7.5%	7,865	6.8%	29.8%
Public Administration	3	0.0%	119	0.1%	(97.3%)
Other	19	0.0%	104	0.1%	(81.5%)
<b>TOTAL</b>	<b>136,725</b>	<b>100.0%</b>	<b>115,430</b>	<b>100.0%</b>	<b>18.4%</b>

Lastly, note that 58% of 2016 production is generated by the domestic market, while the remaining 42% by the foreign market. The DACH (DE, AUT and SUI) Region now represents a significant share, contributing Euro 33.9 million to revenues. The recovery of the UK market is also interesting to note, with a contribution of Euro 19.2 million. The EEC Region (Poland, Ukraine and Romania) recorded revenues of Euro 4.3 million. The new acquisitions (LOC in UK and R&L in Germany) contributed Euro 8.9 million.

## 6.2 Breakdown of Group equity and financial positions

A summary consolidated statement of financial position at 31 December 2016 is shown below, compared to the same statement at 31 December 2015.

### Restated Statement of Financial Position

<i>Amounts in EUR thousands</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Non-current assets	81,888	77,917	3,971	5.1%
Current assets	27,167	25,237	1,930	7.6%
Non-current liabilities	(23,376)	(19,785)	(3,591)	18.2%
Current liabilities	(33,013)	(27,062)	(5,951)	22.0%
<b>Net Invested Capital</b>	<b>52,666</b>	<b>56,307</b>	<b>(3,641)</b>	<b>(6.5%)</b>
Shareholders' Equity	51,060	49,212	1,848	3.8%
Net Financial Position	1,606	7,095	(5,489)	(77.4%)

Non-current assets are represented by goodwill (Euro 55.6 million), recognised at the time of business combinations, intangible assets (Euro 17.7 million) mostly relating to software, technical fixed assets (Euro 2.0 million), deferred tax assets (Euro 5.1 million) and receivables and other non-current assets (Euro 1.2 million).

Current assets recorded a rise of Euro 1.9 million compared to 31 December 2015, due mainly to the increase in trade receivables for Euro 1.5 million and the combined effect of the increase in receivables and other current assets (Euro 0.5 million) and the reduction in tax receivables (Euro 0.1 million) totalling Euro 0.4 million.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 6.1 million, deferred tax liabilities of Euro 6.1 million and provisions for risks and charges of Euro 1.1



million, plus other liabilities of Euro 10.1 million, of which Euro 5.0 million refer to the guarantee deposit received on signing the “Master Agreement” with Unicredit Business Integrated Solution (UBIS), Euro 1.3 million to the remaining share of the discounted price for the future acquisition of minority interests in Targit GmbH, Euro 0.8 million to the remaining share of the discounted price for the future acquisition of minority interests in R&L AG, Euro 1.3 million to the residual share of the price payable to former shareholders of Loc Consulting Ltd and Euro 1.2 million to the remaining share of the discounted price payable to former shareholders of Iquii S.r.l.

Current liabilities - mostly comprised of trade payables of Euro 12.5 million and other liabilities, including advances and payables for indirect taxes totalling Euro 20.5 million - recorded an overall rise of Euro 5.9 million.

Consolidated shareholders’ equity was Euro 51.1 million, compared to Euro 49.2 million at 31 December 2015. The breakdown of Net working capital is shown below; for details and related comments on individual items, reference should be made to the description in the Notes to the Consolidated Financial Statements.

<i>Amounts in EUR thousands</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Inventories	39	39	0	0.0%
Trade receivables	22,935	21,354	1,581	7.4%
Trade payables	(12,477)	(11,263)	(1,214)	10.8%
<b>Net Operating Working Capital (NOWC)</b>	<b>10,497</b>	<b>10,130</b>	<b>367</b>	<b>3.6%</b>
Other short-term receivables	4,193	3,844	349	9.1%
Other short-term liabilities	(20,536)	(15,799)	(4,737)	30.0%
<b>Net Working Capital (NWC)</b>	<b>(5,846)</b>	<b>(1,825)</b>	<b>(4,021)</b>	<b>n.a.</b>

The net financial position at 31 December 2016 was Euro 1,606 thousand, a net improvement compared to Euro 7,095 thousand at 31 December 2015.

### Consolidated net financial position

<i>Amounts in EUR thousands</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Cash and cash equivalents at bank	33,109	19,626	13,483	68.7%
<b>A Cash and cash equivalents</b>	<b>33,109</b>	<b>19,626</b>	<b>13,483</b>	<b>68.7%</b>
<b>B Current financial receivables</b>	<b>192</b>	<b>198</b>	<b>(6)</b>	<b>(3.0%)</b>
Current bank payables	(5,184)	(8,861)	3,677	(41.5%)
Current share of medium/long-term indebtedness	(14,063)	(8,767)	(5,296)	60.4%
Other current financial payables	(17)	(5)	(12)	240%
<b>C Current financial indebtedness</b>	<b>(19,264)</b>	<b>(17,633)</b>	<b>(1,631)</b>	<b>9.2%</b>
<b>D Current Net Financial Position (A+B+C)</b>	<b>14,037</b>	<b>2,191</b>	<b>11,846</b>	<b>n.a.</b>
Non-current bank payables	(15,610)	(9,286)	(6,324)	(68.5%)
Other non-current financial payables	(33)	0	(33)	n.a.
<b>E Non-current Net Financial Position</b>	<b>(15,643)</b>	<b>(9,286)</b>	<b>(6,357)</b>	<b>(68.1%)</b>
<b>F Net financial position (D+E)</b>	<b>(1,606)</b>	<b>(7,095)</b>	<b>5,489</b>	<b>(77.4%)</b>

With regard to items in the table on the consolidated net financial position, in addition to cash and

cash equivalents of Euro 33.1 million, we also draw attention to:

- financial receivables amounting to Euro 0.2 million resulting from receivables due from factoring companies on receivables assigned up to 31 December 2016, the disbursement of which took place by that date and to receivables for accrued interest on factoring paid but not relating to 2016;
- current payables to banks at 31 December 2016 amounting to around Euro 19.3 million, relating to:
  - current bank payables of Euro 5.2 million (Euro 8.9 million at 31 December 2015), mainly represented by:
    - a) Euro 1.7 million in short-term credit facilities classed as “advances to suppliers”;
    - b) Euro 3.5 million in short-term credit facilities granted by Monte dei Paschi di Siena and by Unicredit to the Parent Company of Euro 2.5 million and Euro 1.0 million respectively, to be settled in a one-off payment in February 2017;
  - around Euro 14.1 million as the current portion of loans received.
- non-current financial payables of Euro 15.6 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months;
- other payables refers mainly to finance lease contracts.

The repayment plan for medium/long-term loans outstanding at 31 December 2016 (amounts in EUR thousands) is illustrated below:

#### M/L term loans outstanding at 31 December 2016

Bank	Maturity	Balance at 31.12.2016	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Banca Popolare di Milano 1	2,020	4,870	1,386	1,418	1,451	615	0
Banca Popolare di Milano 2	2,019	2,261	997	1,010	254	0	0
Banca Popolare di Milano 3	2,019	467	98	99	100	102	68
Banca Nazionale del Lavoro 1	2,019	2,250	1,000	1,000	250	0	0
Banca Popolare dell'Emilia Romagna	2,018	3,919	981	994	1,008	936	0
Unicredit 1	2,018	6,000	1,168	1,184	1,200	1,216	1,232
Intesa Sanpaolo	2,019	2,292	833	833	625	0	0
Banca Nazionale del Lavoro 2	2,017	529	529	0	0	0	0
Unicredit Factoring	2,017	7,061	7,061	0	0	0	0
Banca Nazionale del Lavoro 3	2,017	10	10	0	0	0	0
<b>TOTAL LOANS</b>		<b>29,659</b>	<b>14,063</b>	<b>6,539</b>	<b>4,889</b>	<b>2,869</b>	<b>1,300</b>

### 6.3 Operating performance of the Parent Company Be S.p.A.

The Parent Company's Value of Production amounted to Euro 4.9 million, compared to Euro 4.6 million in 2015, recording a rise of Euro 0.3 million.

The Value of production is mainly represented by charges to subsidiaries for management services rendered at central level, royalties on the Be trademark, and recharges of various costs incurred in the name and on behalf of subsidiaries.

The Gross Operating Margin (EBITDA) recorded a loss of around Euro 3.2 million, against Euro 1.7 million last year.

Operating Profit (Loss) (EBIT) recorded a loss of around Euro 3.4 million, compared to a loss of around Euro 2.6 million in 2015.

Financial management recorded an income of Euro 3.8 million, unchanged with respect to the previous year, broken down into:

- dividends of Euro 3.5 million;
- net financial income of Euro 0.3 million.

With regard to the centralised treasury management at Group level, net interest due to the Parent Company accrued on funds transferred to Group companies amounted to Euro 0.8 million (Euro 0.9 million in 2015). Interest expense due to the Banking system amounted to around Euro 0.5 million (Euro 0.5 million in 2015), of which Euro 0.1 million on drawdowns of short-term credit facilities and Euro 0.4 million refers to financial payables on maturity.

In 2016, the Parent Company wrote down the equity investment in the subsidiary company Be Professional S.p.A. by Euro 1.2 million against the increase of the investment by Euro 1.5 million by virtue of payments made during the year to the equity reserve to cover future losses.

Profit (loss) before tax recorded a loss of around Euro 0.8 million, compared to a profit of Euro 1.3 million in 2015.

Taxes recorded a positive balance of Euro 1.1 million, compared to Euro 1.3 million last year, accrued against:

- tax benefits of around Euro 1.5 million relating to the Group Tax Consolidation scheme;
- the net impact of around Euro 0.4 million, of deferred tax assets/liabilities.

Following the above, the 2016 Parent Company's financial statements closed with a profit of around Euro 0.3 million, compared to a profit of around Euro 2.5 million last year.

The Income Statement is shown below, restated for FY 2016, and is compared to the amounts of the previous year.

### Parent Company Restated Income Statement

<i>Amounts in EUR thousands</i>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Operating revenue	4,344	3,927	417	10.6%
Other operating revenue and income	533	715	(182)	(25.5%)
<b>Value of production</b>	<b>4,877</b>	<b>4,642</b>	<b>234</b>	<b>5.0%</b>
Cost of raw materials and consumables	(3)	(2)	(1)	50.0%
Cost of services and use of third-party assets	(4,845)	(3,764)	(1,081)	28.7%
Personnel costs	(2,867)	(2,454)	(413)	16.8%
Other costs	(399)	(141)	(258)	n.a.
<b>Gross Operating Margin before provisions and write-downs (EBITDA)</b>	<b>(3,237)</b>	<b>(1,719)</b>	<b>(1,518)</b>	<b>88.3%</b>
Amortisation and depreciation	(23)	(47)	24	(51.1%)
Write-downs and provisions	(140)	(800)	660	(82.5%)
<b>Operating Profit (Loss) (EBIT)</b>	<b>(3,400)</b>	<b>(2,566)</b>	<b>(834)</b>	<b>32.5%</b>
Net financial income and expense	3,752	3,820	(68)	(1.8%)
Value adjustments to financial assets	(1,200)	0	(1,200)	n.a.
<b>Profit (loss) before tax from continuing operations</b>	<b>(848)</b>	<b>1,254</b>	<b>(2,102)</b>	<b>n.a.</b>
Taxes	1,105	1,292	(187)	(14.5%)
<b>Net profit (loss) from continuing operations</b>	<b>257</b>	<b>2,546</b>	<b>(2,289)</b>	<b>(89.9%)</b>
Net profit (loss) from discontinued operations	0	0	0	n.a.
<b>Net profit (loss)</b>	<b>257</b>	<b>2,546</b>	<b>(2,289)</b>	<b>(89.9%)</b>

## 6.4 Breakdown of equity and financial positions of the Parent Company Be S.p.A.

### Restated Statement of Financial Position

<i>Amounts in EUR thousands</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Δ</b>	<b>Δ (%)</b>
Non-current assets	54,070	53,704	366	0.7%
Current assets	13,203	9,717	3,486	35.9%
Non-current liabilities	(9,153)	(9,957)	804	(8.1%)
Current liabilities	(7,028)	(4,726)	(2,302)	48.7%
<b>Net Invested Capital</b>	<b>51,092</b>	<b>48,738</b>	<b>2,354</b>	<b>4.8%</b>
Shareholders' Equity	47,099	48,345	(1,246)	(2.6%)
Net Financial Position	(3,993)	(393)	(3,600)	n.a.

For details and related comments on individual items, reference should be made to the description in the Notes to the Separate Financial Statements of the Parent company.

**Net financial position Be S.p.a.**

<i>Amounts in EUR thousands</i>	31.12.2016	31.12.2015	Δ	Δ (%)
Cash and cash equivalents at bank	25,229	14,024	11,205	79.9%
<b>A Cash and cash equivalents</b>	<b>25,229</b>	<b>14,024</b>	<b>11,205</b>	<b>79.9%</b>
<b>B Current financial receivables</b>	<b>22,839</b>	<b>25,552</b>	<b>(2,713)</b>	<b>(10.6%)</b>
Current bank payables	(4,193)	(6,108)	1,915	(31.3%)
Current share of medium/long-term indebtedness	(6,463)	(3,204)	(3,259)	n.a.
Other current financial payables	(25,796)	(22,252)	(3,544)	15.9%
<b>C Current financial indebtedness</b>	<b>(36,452)</b>	<b>(31,565)</b>	<b>(4,887)</b>	<b>15.5%</b>
<b>D Current Net Financial Position (A+B+C)</b>	<b>11,617</b>	<b>8,011</b>	<b>3,606</b>	<b>45.0%</b>
Non-current bank payables	(15,610)	(8,404)	(7,206)	85.7%
<b>E Non-current Net Financial Position</b>	<b>(15,610)</b>	<b>(8,404)</b>	<b>(7,206)</b>	<b>85.7%</b>
<b>G Net financial position (D+E)</b>	<b>(3,993)</b>	<b>(393)</b>	<b>(3,600)</b>	<b>n.a.</b>

The net financial position of Be S.p.a. at 31 December 2016 was around Euro 4.0 million, and breaks down into:

- Euro 25.2 million in cash and cash equivalents at bank;
- around Euro 22.8 million in receivables from subsidiaries, relating to centralised treasury activities;
- around Euro 10.7 million in current payables to the banking system, of which around Euro 4.2 million for drawdowns in the form of “accounts payable to suppliers” and “short-term loan” facilities and Euro 6.5 million relating to the portion of existing medium/long-term loans maturing in the following year;
- around Euro 25.8 million in payables to subsidiaries, of which Euro 20.85 million relating to centralised treasury activities and Euro 4.95 million to the loan from the subsidiary A&B S.p.A.;
- Euro 15.6 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

The repayment plan for medium/long-term loans outstanding at 31 December 2016 (amounts in EUR thousands) is illustrated below:

Bank	Maturity	Balance at 31.12.2016	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Banca Popolare di Milano 1	2020	4,870	1,386	1,418	1,451	614	0
Banca Popolare di Milano 2	2019	2,261	997	1,010	254	0	0
Banca Popolare di Milano 3	2019	467	98	99	100	101	68
Banca Nazionale del Lavoro	2019	2,250	1,000	1,000	250	0	0
Banca Popolare dell'Emilia Romagna	2018	3,919	981	994	1,008	936	0
Unicredit 1	2018	6,000	1,168	1,184	1,200	1,216	1,233
Banca Intesa San Paolo	2019	2,292	833	833	625	0	0
<b>TOTAL LOANS</b>		<b>22,059</b>	<b>6,463</b>	<b>6,539</b>	<b>4,889</b>	<b>2,868</b>	<b>1,301</b>

## 6.5 Reconciliation of the profit (loss) for the period and the shareholders' equity of Be S.p.A. and the corresponding consolidated amounts

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, the Statement of reconciliation of shareholders' equity and the net profit (loss) of the Parent Company and the corresponding consolidated amounts is shown below.

	Shareholders' Equity 31.12.2016	Net profit (loss) 31.12.2016	Shareholders' Equity 31.12.2015	Net profit (loss) 31.12.2015
<b>Shareholders' equity and Net profit (loss) from financial statements of the Parent Company</b>	<b>47,099</b>	<b>257</b>	<b>48,345</b>	<b>2,546</b>
Surplus of the shareholders' equities on financial statements for the year, including the profits (losses) for the period, compared to the book values of consolidated equity investments	4,413	2,043	3,667	4,056
Other adjustments made at time of consolidation for:				
- write-down of equity investments	1,200	1,200	700	700
- dividends from subsidiaries	(3,500)	(3,500)	(3,500)	(3,500)
<b>Shareholders' equity and Consolidated net profit (loss)</b>	<b>51,059</b>	<b>4,567</b>	<b>49,212</b>	<b>3,802</b>
Capital and minority reserves	486	321	784	347
<b>Shareholders' equity and Net Profit (Loss) attributable to owners of the Parent Company</b>	<b>50,574</b>	<b>4,246</b>	<b>48,428</b>	<b>3,455</b>

## 6.6 Related Party Transactions

With regard to Related party transactions, including therein intercompany transactions, note that the same cannot be quantified as atypical or unusual, as part of the normal course of operations of Group companies. Said transactions are settled at arm's length, on the basis of the goods and services provided. In the Notes to the Consolidated Financial Statements and to the Separate Financial Statements of the Parent Company, the company provides the information requested by art. 154-ter of the Consolidated Law on Finance, as indicated by Consob regulation no. 17221 of 12 March 2010.

With regard to the Intesa Sanpaolo Group, note that in the second quarter of 2016 Imi Investimenti sold its Be S.p.A. shares on the market, lowering its percentage interest to below the significant threshold of 5%. Consequently, from the second quarter of 2016, the Intesa Sanpaolo Group was no longer qualified as a "related party" of Be, pursuant to the regulations on related party transactions adopted by Consob with Resolution no. 17221 of 12 March 2010, as amended, and the related procedure adopted by Be in compliance with the provisions of said Consob Regulation.

## 7. Other disclosures and Corporate Governance

### 7.1 Main risks and uncertainties to which Be Group is exposed

Detailed below are the main risks and uncertainties that could affect the business activities, financial conditions and prospects of the Company and the Group.

- **Risks associated with “Operating Performance”**

In order to further improve operating performance, the Company believes it is important to achieve the strategic objectives of the 2017-2019 Business Plan. This Plan, updated for the three-year period 2017-2019 for the purpose of Impairment Testing (hereinafter 2017-2019 Plan), was prepared by the Directors on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events expected to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring. Vice versa, the assumptions relate to future events and action, fully or partly independent from management action. Consequently, the Directors acknowledge that the strategic objectives identified in the 2017-2019 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan and their extent and timing.

- **Risks associated with the “Financial Position”**

Be Group is exposed to financial risks associated with its operations, particularly interest rate risk, liquidity risk, credit risk and the risk of cash flow fluctuations. In addition, essential upkeep of the bank credit facilities held is important to the Group in order to meet its overall current funding needs and to achieve the objectives of the 2017-2019 Plan.

- **Risks associated with “Goodwill Impairment”**

Be Group could have a negative impact on the value of its shareholders’ equity if there should be any impairment to goodwill recognised in the financial statements at 31 December 2016 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2017-2019 Plan.

- **Risks associated with “Litigation Liabilities”**

Be Group is involved in proceedings before various judicial authorities, divided into litigation cases as defendant - i.e. where the Company has been summoned by third parties - and cases as plaintiff where the Company has summonsed third parties.

- **Risks associated with “Restructuring” activities**

In recent years, Be Group began a restructuring of its area of business with action necessary to reduce personnel, also through transfers. There is a risk of appeals against such action and the proceedings have given rise to prudential allocation of provisions in the company financial statements. Uncertainty remains in any event regarding the decisions of the authorities involved.

- **Risks associated with “Competition”**

The ICT consulting market is highly competitive. A number of competitors could be able to expand their product mix to our detriment. In addition, an intensification of the level of competition could affect Group business and the option of consolidating or widening its competitive position in the reference sectors, with subsequent repercussions on business and on the income, equity and financial positions.

- **Risks associated with “Technological Change”**

The Group operates in a market characterised by profound and continuous technological changes that call for a Group capacity to adapt quickly and successfully to such developments and to the changing technology needs of its customers. Any inability of the Group in adapting to new technologies and therefore to changes in the needs of its customers could have a

negative impact on operating performance.

- **Risks related to dependence on key personnel**

The Group's success depends largely on certain key personnel that have been a determining factor in its development, in particular the executive directors of the Parent Company. The Group companies also have an executive team with many years of experience in the field, playing a crucial role in managing the Group's activities. The loss of any of these key figures without a suitable replacement, and the inability to attract and retain new, qualified resources, could have a negative impact on the Group's prospects, business activities, operating performance and financial position. Management considers in any event that the Company has an operational and executive structure capable of ensuring management of corporate affairs as a going concern.

- **Risks associated with internationalisation**

As part of its internationalisation strategy the Group could be exposed to risks typical of international operations, including those relating to changes in the political, macroeconomic, tax and/or regulatory frameworks and to fluctuating exchange rates.

## 7.2 Investment in research and development

The Group's research and development activities have always aimed to consolidate customer relations, develop new forms of business for them and acquire new customers. The main research and development conducted entails developing the Group-owned technological platforms; in particular, during 2016, investments mostly regarded the development and upgrade of the technological platforms "Universo Sirius" - relating to the management of Life and Non-life insurance portfolios - by Be Solutions, "Archivia" - relating to the management of document processes - by Be Eps, as well as the platforms specialised in various areas of the banking industry by the Targit Group. The "Be" Group will continue to invest in research and development, and also plan other project opportunities. These new initiatives will aim to expand the product mix, creating technology platforms for the provision of services to its customers.

## 7.3 Human Resources

The Group's total headcount at 31 December 2016 was 1,085 employees (1,057 at 31 December 2015), located in 8 European countries. With respect to 31 December 2015, the scope of consolidation changed following the acquisitions of R&L AG, through the subsidiary Targit GmbH, of LOC Consulting Ltd, through the subsidiary iBe Ltd, and of IQUII S.r.l., through the subsidiary Be Solutions S.p.A.. The process of internationalisation of Be Group also continued in the first few weeks of 2017 with the acquisition of 60% of Paystrat, a Spanish consulting company focused on payment strategies, based in Madrid, and of 60% of FIMAS GmbH, a "consulting boutique" based in Frankfurt.

On the domestic front, given the continuing economic crisis, which is affecting the entire DMO/BPO sector in which Be EPS operates, and specifically the significant fall in the amount of documentation to be processed at its operating unit in Milan, the company was forced to implement a procedure to reduce the number of employees (93 resources), in order to downsize the internal organisation at said location consistent with the business volumes recorded.

## 7.4 Corporate governance

The system of Corporate Governance adopted by Be Think, Solve, Execute S.p.A is taken from the Code of Self-Regulation approved by the Committee for the Corporate Governance of Listed



Companies in March 2006, and updated in December 2011, the recommendations contained in which are adopted by the company in the absence of any indications to the contrary.

On 31 July 2014, the Board of Directors decided to resolve upon the revocation of the internal code of self-regulation adopted by the Board of Directors on 21 December 2012, confirming that the Company will now comply with the principles and recommendations of the Code of Self-Regulation, accessible to the public from the web page: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean>.

With regard to the disclosure requested by art. 123 bis of the Consolidated Law on Finance, please refer to the “Annual Report on Corporate Governance and Ownership Structures” drawn up in compliance with the law in force and published jointly with this report.

### **7.5 Disclosure pursuant to Italian Legislative Decree no. 196 (Code for the protection of personal data) of 30 June 2003**

We hereby inform you that the Company has complied with the requirements envisaged by the privacy code (Italian Legislative Decree no. 196 of 30 June 2003) and has therefore updated the Security Policy Document.

## **8. Events after 31 December 2016 and business outlook**

In February, Be expanded its portfolio of services and its presence in Germany through the acquisition of 60% of the share capital of FIMAS GmbH, “consulting boutique” based in Frankfurt, which specialises in consulting and IT services for asset managers, Stock Exchanges, CSD, clearing houses and custodian banks. The acquisition of FIMAS was concluded through Targit GmbH, a subsidiary company that already operates in Germany. The purchase price for 60% of the share capital was set as Euro 1.24 million. The agreement envisages an option to acquire the remaining 40% in two later stages: 30% by May 2021 and 10% by May 2024. This acquisition enables Be to accelerate its penetration of the German market in the Frankfurt area, by leveraging the vertical specialisations of FIMAS in the European Stock Exchange segment, following the regulatory changes and the impacts resulting from Brexit.

Also in February, Be acquired 60% of Paystrat, a consulting company based in Madrid, which specialises in advisory services for operators in the payments industry, in areas such as digital wallets, loyalty and market intelligence. The acquisition of Paystrat was concluded through Be Consulting S.p.A., Be Group company that specialises in business consulting. The purchase price for 60% of share capital was set at Euro 180,000; the agreement envisages an option to acquire the remaining 40% in two later stages: 20% by 2021 and 10% by 2025. This acquisition has enabled Be to strengthen its operations in the Iberian peninsula, by expanding the offer of payment services in Spain and Portugal, markets with high growth potential. The acquisition represents another step forward in Be’s growth strategy to achieve European leadership in payment and advisory services.

In view of the positive results recorded by the Group in 2016, it is reasonable to confirm the 2017 growth forecast for revenue and profit and, in more general terms, the new targets for 2017-2019 already announced to the market on 15 September 2016.

## 9. Proposal to approve the financial statements and to allocate the profit (loss) for the year

The Board of Directors submits the Financial Statements of Be S.p.A. at 31 December 2016 to the Shareholders' Meeting for approval, which show a net profit of Euro 257,348.77 and proposes that the Shareholders' Meeting resolves:

- to approve the Financial Statements at 31 December 2016 of Be S.p.A.;
- to approve the proposal to allocate the net profit for the year, corresponding to Euro 257,348.77 as follows:
- Euro 12,867.44 to the Legal Reserve;
- Euro 244,481.33 to profit carried forward;
- to distribute gross dividends amounting to Euro 1,996,479.63, corresponding to Euro 0.0148 per share, drawing Euro 244,481.33 from the profit carried forward and partially from the extraordinary reserve for the residual amount of Euro 1,751,998.30.

**Milan, 14 March 2017.**

*/signed/ Stefano Achermann*  
For the Board of Directors  
Chief Executive Officer



# **Consolidated Financial Statements**

*At 31 December 2016*

Registered office:  
Viale dell'Esperanto 71 - Rome  
Share capital:  
€ 27,109,164.85, fully paid up  
Rome Register of Companies  
Tax code and VAT number 01483450209

## Consolidated Statement of Financial Position

<i>Amounts in EUR thousands</i>	<i>Notes</i>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1	1,968	1,277
Goodwill	2	55,645	53,353
Intangible assets	3	17,678	16,795
Equity investments in other companies	4	300	0
Loans and other non-current assets	5	1,179	1,260
Deferred tax assets	6	5,118	5,232
<b>Total non-current assets</b>		<b>81,888</b>	<b>77,917</b>
<b>CURRENT ASSETS</b>			
Inventories	7	39	39
Trade receivables	8	22,935	21,354
Other assets and receivables	9	3,401	2,944
Direct tax receivables	10	792	900
Financial receivables and other current financial assets	11	192	198
Cash and cash equivalents	12	33,109	19,626
<b>Total current assets</b>		<b>60,468</b>	<b>45,061</b>
<b>Total discontinued operations</b>		<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>142,356</b>	<b>122,978</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		27,109	27,109
Reserves		19,219	17,864
Net profit (loss) attributable to owners of the Parent Company		4,246	3,455
<b>Group Shareholders' equity</b>		<b>50,574</b>	<b>48,428</b>
<b>Minority interests:</b>			
Capital and reserves		165	437
Net profit (loss) attributable to minority interests		321	347
<b>Minority interests</b>		<b>486</b>	<b>784</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	13	<b>51,060</b>	<b>49,212</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial payables and other non-current financial liabilities	14	15,643	9,286
Provision for non-current risks	19	1,122	2,106
Post-employment benefits (TFR)	16	6,114	6,146
Deferred tax liabilities	17	6,074	4,655
Other non-current liabilities	18	10,066	6,878
<b>Total Non-current liabilities</b>		<b>39,019</b>	<b>29,071</b>
<b>CURRENT LIABILITIES</b>			
Financial payables and other current financial liabilities	15	19,264	17,633
Trade payables	20	12,477	11,263
Provision for current risks	19	32	29
Tax payables	21	920	432
Other liabilities and payables	22	19,584	15,338
<b>Total Current liabilities</b>		<b>52,277</b>	<b>44,695</b>
<b>Total discontinued operations</b>		<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>91,296</b>	<b>73,766</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>142,356</b>	<b>122,978</b>

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

## Consolidated Income Statement

<i>Amounts in EUR thousands</i>	<i>Notes</i>	<b>FY 2016</b>	<b>FY 2015</b>
Operating revenue	23	135,648	114,273
Other operating revenue and income	24	1,077	1,157
<b>Total Revenue</b>		<b>136,725</b>	<b>115,430</b>
Raw materials and consumables	25	(284)	(564)
Service costs	26	(59,825)	(48,627)
Personnel costs	27	(61,337)	(52,164)
Other operating costs	28	(1,488)	(1,205)
Cost of internal work capitalised	29	2,380	2,178
<i>Amortisation, depreciation and write-downs:</i>			
Depreciation of property, plant and equipment	30	(541)	(655)
Amortisation of intangible assets	30	(5,350)	(4,681)
Impairment loss on fixed assets	31	0	(170)
Allocations to provisions	32	(1,086)	(1,476)
<b>Total Operating costs</b>		<b>(127,531)</b>	<b>(107,364)</b>
<b>Operating Profit (Loss) (EBIT)</b>		<b>9,194</b>	<b>8,066</b>
Financial income		15	100
Financial expense		(1,756)	(1,916)
<b>Total Financial income/expense</b>	<b>33</b>	<b>(1,741)</b>	<b>(1,816)</b>
<b>Profit (loss) before tax</b>		<b>7,453</b>	<b>6,250</b>
Current income taxes	34	(2,207)	(1,811)
Deferred tax assets and liabilities	34	(679)	(637)
<b>Total Income taxes</b>		<b>(2,886)</b>	<b>(2,448)</b>
<b>Net profit (loss) from continuing operations</b>		<b>4,567</b>	<b>3,802</b>
<b>Net profit (loss) from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Net profit (loss)</b>		<b>4,567</b>	<b>3,802</b>
<b>Net profit (loss) attributable to minority interests</b>	13	<b>321</b>	<b>347</b>
<b>Net profit (loss) attributable to owners of the Parent Company</b>		<b>4,246</b>	<b>3,455</b>
<b>Earnings (loss) per share:</b>			
Basic earnings per share (Euro)	35	<b>0.03</b>	<b>0.03</b>
Diluted earnings per share (Euro)	35	<b>0.03</b>	<b>0.03</b>

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

## Consolidated Statement of Comprehensive Income

<i>Amounts in EUR thousands</i>	FY 2016	FY 2015
<b>Net profit (loss)</b>	<b>4,567</b>	<b>3,802</b>
<i>Items not subject to reclassification in the income statement:</i>		
Actuarial gains (losses) on employee benefits	(130)	126
Tax effect on actuarial gains (losses)	36	(35)
<i>Items subject to reclassification in the income statement when certain conditions are met:</i>		
Gains (losses) on cash flow hedges	4	1
Translation gains (losses)	(547)	(72)
<b>Other items of comprehensive income</b>	<b>(637)</b>	<b>21</b>
<b>Net comprehensive profit (loss)</b>	<b>3,930</b>	<b>3,823</b>
<i>Attributable to:</i>		
Owners of the Parent Company	3,599	3,481
Minority interests	331	342

## Consolidated Statement of Cash Flows

<i>Amounts in EUR thousands</i>	<i>Notes</i>	<b>2016</b>	<b>2015</b>
Net profit (loss)		4,567	3,802
Amortisation, depreciation and write-downs	30-31	5,891	5,506
Non-monetary changes in post-employment benefits (TFR)		923	866
Net financial expense in the income statement	33	1,872	1,816
Taxes for the year	34	2,207	1,811
Deferred tax assets and liabilities	34	544	637
Losses on current assets and provisions	31-32	1,086	1,476
Increase in internal work capitalised	29	(2,380)	(2,178)
Other non-monetary changes		14	(60)
Exchange rate conversion differences		1,020	(192)
<b>Cash flow from operating activities</b>		<b>15,744</b>	<b>13,484</b>
Change in inventories	7	3	226
Change in trade receivables	8	417	(2,469)
Change in trade payables	20	(304)	2,846
Use of bad debt provisions	19	(2,067)	(696)
Other changes in current assets and liabilities		1,114	(1,612)
Taxes for the year paid	21	(231)	(1,793)
Post-employment benefits paid	16	(1,214)	(743)
Other changes in non-current assets and liabilities		(188)	4,506
<b>Change in net working capital</b>		<b>(2,470)</b>	<b>265</b>
<b>Cash flow from (used in) operating activities</b>		<b>13,274</b>	<b>13,749</b>
(Purchase) of property, plant and equipment net of disposals	1	(1,219)	(592)
(Purchase) of intangible assets net of disposals	3	(160)	(216)
Cash flow from business combinations net of cash acquired		(2,283)	(350)
(Purchase)/sale of equity investments and securities		(300)	0
<b>Cash flow from (used in) investing activities</b>		<b>(3,962)</b>	<b>(1,158)</b>
Change in current financial assets	11	6	205
Change in current financial liabilities	15	1,620	3,447
Change in non-current financial assets		0	1
Financial expense paid		(1,730)	(1,851)
Change in non-current financial liabilities	14	6,357	(2,383)
Cash paid for purchase of share pertaining to third parties		(220)	(5)
Distribution of dividends paid to Group shareholders	13	(1,500)	(750)
Distribution of dividends paid to minority interests	13	(362)	(150)
<b>Cash flow from (used in) financing activities</b>		<b>4,171</b>	<b>(1,486)</b>
<b>Cash flow from (used in) discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents</b>		<b>13,483</b>	<b>11,105</b>
Net cash and cash equivalents - opening balance	12	19,626	8,521
Net cash and cash equivalents - closing balance	12	33,109	19,626
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>13,483</b>	<b>11,105</b>

The effects of related party transactions and non-recurring transactions on the consolidated income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in paragraph 5.3.

## Statement of Changes in Consolidated Shareholders' Equity

<i>Amounts in EUR thousands</i>	Share capital	Reserves and profit carried forward	Profit (loss) for the year	Group Shareholders' Equity	Minority interests	Total
<b>SHAREHOLDERS' EQUITY AT 31.12.2014</b>	<b>27,109</b>	<b>17,546</b>	<b>1,042</b>	<b>45,697</b>	<b>488</b>	<b>46,185</b>
Net profit (loss)			3,455	3,455	347	3,802
Other items of comprehensive income		26		26	(5)	21
<b>Net comprehensive profit (loss)</b>		<b>26</b>	<b>3,455</b>	<b>3,481</b>	<b>342</b>	<b>3,823</b>
Allocation of prior year profit (loss)		1,042	(1,042)	0		0
Dividend distribution		(750)		(750)	(150)	(900)
Capital contributions				0	109	109
(Purchases)/Disposals of Minority Interests				0	(5)	(5)
<b>SHAREHOLDERS' EQUITY AT 31.12.2015</b>	<b>27,109</b>	<b>17,864</b>	<b>3,455</b>	<b>48,428</b>	<b>784</b>	<b>49,212</b>
Net profit (loss)			4,246	4,246	321	4,567
Other items of comprehensive income		(648)		(648)	10	(638)
<b>Net comprehensive profit (loss)</b>		<b>(648)</b>	<b>4,246</b>	<b>3,598</b>	<b>331</b>	<b>3,929</b>
Allocation of prior year profit (loss)		3,455	(3,455)	0	0	0
Dividend distribution		(1,500)		(1,500)	(362)	(1,862)
(Purchases)/Disposals of Minority Interests		48		48	(268)	(220)
<b>SHAREHOLDERS' EQUITY AT 31.12.2016</b>	<b>27,109</b>	<b>19,219</b>	<b>4,246</b>	<b>50,574</b>	<b>486</b>	<b>51,060</b>



## Notes to the consolidated financial statements

### 1. Corporate information

**Be Group** is one of the leading Italian players in the IT Consulting sector. The Group provides Business Consulting, Information Technology and Professional services. A combination of specialist skills, advanced proprietary technologies and a wealth of experience enable the Group to work with leading financial and insurance institutions and Italian industry to improve their competitive capacity and their potential to create value. With around 1,100 employees and branches in Italy, Germany, United Kingdom, Switzerland, Austria, Poland, the Ukraine and Romania, in 2016 the Group recorded total revenues of Euro 136.7 million.

**Be Think, Solve, Execute S.p.A. (Be S.p.A. for short)**, listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination of operating, strategic and financial decisions of the subsidiaries and through management and control of reporting flows in readiness for preparation of both annual and interim accounting documents.

The consolidated financial statements at 31 December 2016 were approved for publication by the Parent Company Board of Directors on 14 March 2017.

### 2. Measurement criteria and accounting standards

#### 2.1. Presentation criteria

The consolidated financial statements of Be Group at 31 December 2016 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, as well as with provisions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. The above standards are integrated with IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations. The consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the relative notes to the consolidated financial statements.

Be Group consolidated income statement presents a classification of individual components based on their nature. This format complies with the management reporting method adopted by the Group and is therefore considered more representative than a presentation by item allocation, providing more reliable and more significant indications for the business sector concerned. With reference to the statement of financial position, a presentation format has been adopted that divides assets and liabilities into current and non-current, as permitted by IAS 1.

The consolidated statement of cash flows indicates cash flows during the year and classified as operating, investing or financing activities. Cash flows from operating activities are recognised using the indirect method.

The consolidated statement of changes in shareholders' equity was prepared in compliance with IAS 1.

With regard to segment reporting in accordance with IFRS 8, note that in view of the Group's business operations the reference format is that for operating segments, a better description of which can be found in paragraph 2.13 “Segment reporting”.

The Financial Statements and the notes to the financial statements are presented in thousands of Euro unless otherwise indicated. There could be differences in the unit amounts shown in the tables below due to rounding.

This document is compared with the previous consolidated financial statements, drawn up on the same criteria; the closing date of the financial year, which lasts 12 months, is 31 December of each year. In preparing these financial statements, the directors used going concern assumptions and therefore prepared the statements on the basis of standards and criteria applying to fully operative companies.

For further information, please refer to paragraph 2.4 “Disclosure on going concern assumptions”.

The accounting principles adopted are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below in paragraph 2.10 “IFRS accounting standards, amendments and interpretations applicable from 1 January 2016”.

## **2.2. Discretionary measurements and significant accounting estimates**

Preparation of the financial statements and related notes in application of IFRS requires that management perform discretionary measurements and accounting estimates that have an effect on the value of assets, liabilities, revenue and costs in the financial statements and disclosures. The final results could differ from such estimates. The estimates are used in measuring goodwill, in recognising credit risk provisions, in measuring property, plant and equipment and intangible assets, in determining amortisation and depreciation and in calculating taxes and provisions for risks and charges.

Also note that the directors have exercised their discretion in assessing the prerequisites for going concern assumptions. The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

## **2.3. Uncertainty of estimates**

When applying Group accounting standards, the Directors have taken decisions based on certain key assumptions regarding the future and other important sources of uncertainty in estimates at the end date of the financial statements, which could lead to adjustments to the book values of assets and liabilities. Intangible assets and goodwill represent a significant share of the Group's assets. More specifically, goodwill is tested for impairment at least once a year; said testing entails estimating the value in use of the cash flow generating units to which the goodwill pertains, in turn based on an estimation of the expected cash flows of the units and on their discounting based on an adequate discount rate; the assumptions made to determine the value in use of the individual cash flow generating units, to support said asset values, may not necessarily be fulfilled and may lead to adjustments of book values in the future.

The 2017-2019 Plan was prepared by the Directors for the purpose of Impairment testing, approved by the Board of Directors' Meeting held on 20 February 2017 (hereinafter 2017-2019 Plan), on the basis of forecasts and assumptions inherent to future trends in operations and the reference market.

The forecasts represent the best estimate of future events that management expects to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring.

Vice versa, the assumptions relate to future events and action, fully or partly independent to management action; they are therefore characterised by a greater degree of chance, and in the case in hand mainly relate to the expected growth in the three-year period of new products and services of the ITC Solutions business line, as well as the expected growth of the Consulting business line.

Consequently, the Directors acknowledge that the strategic objectives identified in the 2017-2019 Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, both with regard to the occurrence of events represented in the plan and to their extent and timing.

Any failure to implement said initiatives could result in lower economic results with consequent negative effects on the Group's income statement and statement of financial position and on whether the future cash flows on which the estimated value in use to support the recoverability of goodwill recorded under assets is based, amongst other things, can be achieved.

#### **2.4. Disclosure on going concern assumptions**

The 2017-2019 Plan was prepared on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. Though reasonable, these do show profiles of uncertainty due to the questionable nature of future events and the characteristics of the market in which the Group operates.

Given the above and given the contents of paragraph 8 "Events after 31 December 2016 and business outlook" in the Management Report, the Directors consider going concern assumptions to be appropriate in preparing the Consolidated Financial Statements as no uncertainties have emerged associated with events or circumstances which, taken individually or as a whole, could give rise to doubts about the company as a going concern.

#### **2.5. Scope of consolidation**

The scope of consolidation includes the Parent Company Be S.p.A. and the companies under its direct or indirect control.

Taking previous considerations into account, a list of equity investments in companies included in the scope of consolidation is provided below, as required by Consob Communication no. 6064293 of 28 July 2006:

Company name	Registered office	Share Capital	Currency	Parent Company	% interest	Minority interests
Be S.p.A.	Rome	27,109,165	EUR			
Be Professional Service S.p.A.	Rome	351,900	EUR	Be S.p.A.	100%	0%
Be Consulting S.p.A.	Rome	120,000	EUR	Be S.p.A.	100%	0%
Be Solutions S.p.A.	Rome	7,548,441	EUR	Be S.p.A.	100%	0%
A&B S.p.A. in liquidation	Rome	2,583,000	EUR	Be S.p.A.	100%	0%
Be Think Solve Execute RO S.r.l.	Bucharest	22,000	RON	Be S.p.A.	100%	0%
Be Enterprise Process Solutions S.p.A.	Rome	500,000	EUR	Be Solutions S.p.A.	100%	0%
Iquii Srl	Rome	10,000	EUR	Be Solutions S.p.A.	51%	49%
iBe Think Solve Execute Ltd	London	1,691,898	GBP	Be Consulting S.p.A.	100%	0%
LOC Consulting Ltd	London	200,900	GBP	iBe Think Solve Execute Ltd	100%	0%
Be Sport, Media & Entertainment Ltd	London	318,774	GBP	iBe Think Solve Execute Ltd	75%	25%
Be Poland Think, Solve and Execute sp z.o.o	Warsaw	1,000,000	PLN	iBe Think Solve Execute Ltd	93%	7%
Be Ukraine LLC	Kiev	20,116	UAH	iBe Think Solve Execute Ltd	95%	0%
Be Ukraine LLC				Be Consulting S.p.A.	5%	0%
Targit Group	Munich	92,033	EUR	iBe Think Solve Execute Ltd	67%	33%
R&L AG	Munich	1,882,000	EUR	Targit GmbH	55%	45%

Compared to 31 December 2016, the scope of consolidation has been altered by the following events:

- acquisition of R&L AG, through the subsidiary Targit GmbH;
- acquisition of Loc Consulting Ltd, through the subsidiary iBe Ltd;
- by merger deed dated 23 March 2016, Be Consulting S.p.A. and Be Sport, Media & Entertainment S.p.A. were merged by the incorporation of the Company Be Sport, Media & Entertainment S.p.A. into the Company Be Consulting S.p.A. The effects of the merger were backdated to 1 January 2016 and the merging entity Be Consulting S.p.A. took full ownership of the assets and liabilities of the merged entity and all legal relations previously managed by Be Sport, Media & Entertainment S.p.A..
- acquisition by the Parent Company Be S.p.A. of the remaining 5% of the shares held by private investors in A&B S.p.A. in liquidation; therefore, the Parent Company now holds 100% of the company's shares.
- acquisition of Iquii S.r.l, through the subsidiary Be Solutions S.p.A.

## 2.6. Principles of consolidation

The consolidation of subsidiary companies is made on the basis of their respective accounts, appropriately adjusted to bring them in line with the accounting principles adopted by the Parent Company. The end date of the financial year of the subsidiaries included in the scope of consolidation is the same as that of Be S.p.A.

Subsidiaries are consolidated on a line-by-line basis, starting from their date of acquisition, namely from the date on which the Group acquired control, and are no longer consolidated from the date on which control is transferred out of the Group. In preparing the consolidated financial statements, assets and liabilities are assumed on a line-by-line basis, as are the costs and revenue of the

companies consolidated, at their total amount, attributing the portion of shareholders' equity and of the profit (loss) for the year relating to minority shareholders under specific items of the statement of financial position and the income statement. The book value of the equity interest in each subsidiary is eliminated against the corresponding portion of shareholders' equity of each subsidiary, including any fair value adjustments, at the acquisition date, to the relative assets and liabilities; any remaining difference that arises, is positive, is allocated to goodwill, and if negative, to the income statement. All intercompany balances and transactions, including any unrealised gains resulting from transactions performed between Group companies, are eliminated in full. The amount of gains and losses recorded with associated companies attributed to the Group are eliminated. Intercompany losses are eliminated, unless they represent impairment losses.

## 2.7. Conversion of financial statements in currencies other than the Euro

The assets and liabilities of foreign subsidiaries are converted into Euro at the exchange rate in force on the date of the financial statements. Income and expense are converted at average exchange rates for the year. The differences resulting from exchange rates are recorded under "Translation reserve" in Shareholders' Equity. This reserve is recognised in the Income Statement as income or as expense for the period in which the relative subsidiary was transferred.

## 2.8. Transactions and balances in foreign currency

Transactions in foreign currencies are recognised at the exchange rate in force on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies on the reference date of the financial statements, are converted at the exchange rate in force on said date. The exchange rate differences generated by the derecognition of monetary items or by their conversion at different rates to those at which they were converted at the time of initial recognition are booked to the income statement. The table below shows the exchange rates used for conversion into Euro for the 2016 - 2015 financial statements in foreign currencies:

### Exchange rates

Currency	2016 average	31.12.2016	2015 average	31.12.2015
British Pound (GBP)	0.8191	0.85618	0.7260	0.73395
Polish Zloty (PNL)	4.3635	4.4103	4.1831	4.2639
Ukrainian Hryvnia (UAH)	28.2677	28.7386	24.2522	26.1587
Romanian Leu (RON)	4.4908	4.5390	4.4471	4.5240
Swiss Franc (CHF)	1.0901	1.0739	1.0683	1.0835

## 2.9. Accounting principles

The accounting principles adopted in these Financial Statements are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below.

### 2.9.1. Intangible assets

Intangible assets acquired separately are recognised at cost, while those acquired through business combination transactions are recognised at fair value on the date of acquisition. After initial recognition, intangible assets are recognised at cost, net of any accumulated amortisation and any accumulated impairment losses. Intangible assets produced internally,

with the exception of application software development costs, are not capitalised and are recognised in the income statement of the year in which they were incurred.

The useful life of intangible assets is classified as finite or indefinite. Intangible assets with a finite useful life are amortised for the period of the same and tested for impairment whenever there is evidence of possible impairment. The period and the amortisation method applied to the same is reviewed at the end of each year or more frequently, if retained necessary. Changes in the expected useful life or in the way in which the future economic benefits related to the intangible asset are consumed by the Group are recognised by changing the period or the amortisation method, as needed, and are treated as changes in accounting estimates.

The amortisation charges for intangible assets with finite useful life are recognised in the income statement under the specific item amortisation of intangible assets.

The useful life attributed to the various categories of asset is the following:

- patent rights and intellectual property rights from 3 to 10 years;
- IT platforms - from 3 to 10 years;
- concessions, licences and trademarks, the shorter between the duration of the right or 5 years;
- other software - 3 years.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The gains or the losses resulting from the sale of an intangible asset are measured as the difference between the net sales income and the book value of the asset and are recognised in the income statement at the time of sale.

### **2.9.2. Research and development costs**

Research costs are booked to the income statement at the time they are incurred.

The development costs incurred with relation to a specific project are capitalised only when the Company can demonstrate the technical feasibility of completing the intangible asset, making it available for use or for sale, its intention to complete said asset to use it or to sell it, the way in which the same will generate potential future economic benefits, the availability of technical, financial or other resources required to complete the development and its ability to reliably assess the cost attributable to the asset during its development. After initial recognition, development costs are measured at cost, less any accumulated amortisation or loss. Any development costs capitalised are amortised with regard to the period in which the related project is envisaged to generate revenue for the Group.

The book value of development costs is re-assessed annually in order to ascertain any impairment losses, when the asset is not yet in use, or more frequently when there is evidence of a potential impairment loss in the year.

### **2.9.3. Goodwill**

Goodwill acquired through a business combination is represented by the surplus cost of the business combination with respect to the pertinent share of equity measured at present values relating to the amounts of the identifiable assets, liabilities and potential liabilities acquired. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. The recoverability of goodwill is assessed at least once a year or more frequently if events or changes occur that could lead to any impairment loss (Impairment test).

Goodwill resulting from acquisitions made prior to the date of transition to IFRS standards is maintained at the values resulting from the application of Italian accounting principles and said value is tested for impairment annually.

To assess recoverability, the goodwill acquired through business combinations is allocated, from the acquisition date, to each of the cash flow generating units (or groups of units) that are retained to benefit from the synergies resulting from the acquisition, regardless of the allocation of other assets or liabilities acquired. Each unit or group of units to which goodwill is allocated:

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes;
- is not higher than an operating segment as defined by IFRS 8 “Operating segments”.

Impairment losses are determined by establishing the recoverable amount of the cash flow generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the cash flow generating unit (or group of units) is lower than the book value, an impairment loss is recognised. In cases in which the goodwill is allocated to a cash flow generating unit (or group of units) whose assets are partially disposed of, the goodwill associated to the asset sold is considered when establishing any gain or loss resulting from the transaction. In these circumstances, the goodwill transferred is measured on the basis of the values relating to the asset disposed of with respect to the asset still held with relation to the same unit.

At the time of disposal of a part or of an entire business previously acquired and whose acquisition gave rise to goodwill, when establishing the gains or losses on disposal, the corresponding residual value of the goodwill is taken into consideration.

#### 2.9.4. Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly attributable accessory costs and financial charges and needed to bring it to the working condition for which the asset was purchased, plus, when relevant and in the presence of present obligations, the present value of the cost estimated to dismantle and remove the asset.

When significant parts of these tangible assets have different useful lives, these components are depreciated separately. Land, both unbuilt and related to buildings, is not depreciated insofar as it has an indefinite useful life.

The rates of depreciation used are as follows:

<b>Rates of depreciation</b>	
<b>Description of asset</b>	<b>Depreciation rate</b>
Plant and equipment	From 15% to 20%
Fixtures and fittings, tools and other equipment	15%
<b>Other assets:</b>	
Office furniture and machines	12%
Electronic office machines	20%
Passenger cars	25%
Vehicles	20%

The book value of property, plant and equipment is tested to reveal any impairment losses, when events or changes in situations indicate that the book value cannot be recovered. If

there is evidence of this nature and in the event in which the book value exceeds the estimated recoverable amount, the assets are written down to reflect their recoverable amount. The recoverable amount of property, plant and equipment is represented by the higher between the net sale price and the value in use.

When establishing the value in use, the expected future cash flows are discounted using a pre-tax discount rate which reflects the present market estimate of the cost of money with relation to the time and to the specific risks of the asset. For assets that do not generate fully independent cash flows, the recoverable amount is established in relation to the cash flow generating unit to which said asset belongs. Impairment losses are booked to the income statement under costs for amortisation, depreciation and write-downs. These impairment losses are reversed in the event in which the reasons that generated them should cease to exist.

At the time of sale or when the expected future benefits from the use of an asset no longer exist, it is derecognised from the financial statements and any gain or loss (calculated as the difference between the sale value and the book value) is booked to the income statement in the year of said derecognition. The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each year.

#### **2.9.5. Impairment loss on assets**

On the closing date of the annual financial statements, the existence of impairment losses on assets is assessed. In said case, or in cases in which annual impairment testing is required, the recoverable amount is estimated. The recoverable amount is the higher between the fair value of an asset or cash flow generating unit net of sale costs, and its value in use, and is established by individual asset, unless said asset generates cash flows which are fully independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable amount, said asset has suffered an impairment loss and is consequently written down to its recoverable amount. When establishing the value in use, estimated future cash flows are discounted at the present value at a discount rate which reflects market valuations on the temporary value of money and the specific risks of the asset. The impairment losses suffered by continuing operations are booked to the income statement under the cost category pertaining to the function of the asset that has suffered the impairment loss.

On the closing date of the annual financial statements, an assessment is made as to whether the impairment loss previously recognised is still valid (or should be reduced) and a new recoverable amount is estimated.

The value of an asset previously written down (with the exception of goodwill) may be restated only if there are changes in the estimates used to establish the recoverable amount of the asset after the last recognition of an impairment loss. In this case, the book value of the asset is brought to its recoverable amount, although the increased value must not exceed the book value that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in previous years. Each reversal is recognised as income on the income statement, unless the asset is recognised at a revalued amount, the case in which the reversal is treated as a revaluation. After an impairment loss has been reversed, the amortisation or depreciation charges of the asset are adjusted in future periods, in order to share the changed book value, net of any residual value, on a straight-line basis over the remaining useful life.

#### **2.9.6. Financial assets**

IAS 39 envisages the following types of financial instruments:



- 1) financial assets at fair value through profit or loss;
- 2) loans and receivables;
- 3) held-to-maturity investments;
- 4) available-for-sale assets.

Initially, all financial assets are recognised at their fair value, increased, in the case of assets other than those measured at fair value through profit or loss, by accessory charges. The Company establishes the classification of its financial assets after initial recognition and, where adequate and permitted, reviews said classification at the end of each financial year.

All purchases and sales of financial assets are recognised at the settlement date, namely at the date on which the Company commits to purchasing the asset.

Standard purchases and sales mean all purchase and sale transactions of financial assets that envisage the delivery of the asset in the period generally envisaged by the regulations and practices of the market in which the exchange is made.

#### **2.9.7. Financial assets at fair value through profit or loss**

This category includes financial assets held for trading, namely all assets acquired to be sold in the short term. Derivatives are classified as financial assets held for trading unless they are designated as effective hedging instruments.

Gains or losses on assets held for trading are booked to the income statement.

#### **2.9.8. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. These assets are recognised at amortised cost using the effective discounting method. The gains or losses are booked to the income statement when the loans or receivables are derecognised from the accounts or when impairment losses emerge, in addition to through the amortisation process.

#### **2.9.9. Held-to-maturity investments**

Financial assets that are not derivative instruments and are characterised by fixed or determinable payments or maturities are classified as “held-to-maturity investments” when the Group intends and is able to maintain them in the portfolio until they mature. The financial assets that the Group decides to hold in the portfolio for an indefinite period of time do not fall into this category. Other long-term held-to-maturity financial investments, such as bonds, are then measured at amortised cost. This cost is calculated as the value initially recognised less the repayment of the principal amount, plus or minus the amortisation accumulated using the effective interest rate of each and any difference between the value initially recognised and the amount on maturity. This calculation includes all of the commissions or points exchanged between the parties, which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains or losses are booked to the income statement when the investment is derecognised from the accounts or when impairment losses emerge, in addition to through the amortisation process.

### **2.9.10. Available-for-sale assets**

Available-for-sale financial assets are those financial assets, excluding derivative instruments, which have been designated as such or are not classified in any of the other three previous categories.

After initial recognition at cost, available-for-sale financial assets are measured at fair value and the gains or losses are recognised under a separate item of shareholders' equity until such time as they are derecognised from the accounts or until it has been ascertained that they have suffered an impairment loss; the gains or losses accumulated up until that time under shareholders' equity are then booked to the income statement. In the case of securities widely traded on regulated markets, the fair value is determined with reference to the stock market price recorded at the end of trading on the closing date of the financial year.

For investments for which no active market exists, the fair value is determined using measurement techniques based on recent transaction prices between independent parties; the present market value of a substantially similar instrument; the analysis of discounted cash flows; pricing models of options.

### **2.9.11. Final inventories**

Warehouse inventories are recognised at the lower between the purchase or production cost and the net recoverable amount represented by the amount that the enterprise expects to obtain from their sale during the normal course of business.

The cost of inventories is determined by applying the weighted average cost. The value of inventories obtained in this way is then adjusted by a specific "provision for obsolete goods", to take into account goods whose recoverable amount is lower than their cost.

### **2.9.12. Trade receivables**

Trade receivables are recognised at their fair value, identified from the face value and subsequently reduced by any impairment losses. Trade receivables which are not due within standard trading terms and which do not generate interest, are discounted.

### **2.9.13. Cash and cash equivalents**

Cash and cash equivalents include cash and demand and short-term deposits, in the latter case whose original maturity is three months or less, and are recognised at their face value.

### **2.9.14. Treasury shares**

Treasury shares that are repurchased are deducted from shareholders' equity. The purchase, sale, issue or cancellation of instruments representing share capital do not generate the recognition of any gain or loss in the income statement.

### **2.9.15. Employee benefits**

Short-term employee benefits, namely due within twelve months of the end of the year in which the employee has worked, are recorded as a cost and as a liability for an amount corresponding to the non-discounted amount that should be paid to the employees for his service. Instead, long-term benefits, such as those to be paid beyond twelve months from the

end of the year in which the employee worked, are recognised as a liability for an amount corresponding to the current value of the benefits on the date of the financial statements.

Post-employment benefits reflect the amount accrued in favour of employees, in accordance with the law in force and collective labour agreements. The liabilities relating to defined benefit plans, net of any assets serving the plan, are determined on the basis of actuarial assumptions and are recognised on an accrual basis in accordance with the work performed required to obtain the benefits; these liabilities are measured by independent actuaries. From 1 January 2007, the nature of Provisions for post-employment benefits changed from “defined benefit plans” to “defined contribution plans”. For IAS purposes, Provisions for post-employment benefits accrued at 31 December 2006 continue to be considered a defined benefit plan. The accounting treatment of the amounts maturing from 1 January 2007 is therefore similar to that existing for payments of other types of contribution, both in the case of the supplementary pension plan option, and in the case in which it is paid into the Treasury Fund held by INPS.

As regards the liabilities relating to the defined benefit plan, IAS 19 envisages that all of the actuarial profits and losses accrued at the date of the financial statements should be immediately recognised in the “Statement of Comprehensive Income” (Other Comprehensive Income, hereafter OCI).

#### **2.9.16. Provisions for risks and charges**

Provisions for risks and charges regard costs and charges of a specific nature, whose existence is certain or likely, for which at the closing date of the reference period, the amount or contingency date has not been established. Provisions are recognised in the presence of a present obligation (legal or implicit) which originates from a past event, when an outlay of resources to meet the obligation is likely, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at a value that represents the best estimate of the amount that the company should pay to extinguish the obligation or to transfer it to third parties on the closing date of the period. If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the present market valuation of the cost of money with relation to time.

When the discounting is performed, the increase of the provision due to the passing of time is recognised as a financial charge.

#### **2.9.17. Trade and other payables**

Trade payables and other payables are initially recognised at cost, namely at the fair value of the amount paid during the course of the transaction. Subsequently, payables that have a fixed due date are measured at amortised cost, using the effective interest rate method, while payables without a fixed due date are measured at cost. Short-term payables, for which the accrual of interest has not been agreed, are measured at their face value. The fair value of long-term payables has been established by discounting future cash flows: the discount is recognised as a financial charge over the term of the payable until due.

#### **2.9.18. Financial liabilities**

Financial liabilities are represented by financial payables and by financial liabilities related to derivative instruments. Financial liabilities other than derivative financial instruments, are initially recognised at fair value plus the costs of the transaction; subsequently they are

measured at amortised cost, namely at the initial value, net of repayments of principal amounts already made, adjusted (up or down) on the basis of amortisation (using the effective interest rate method) by any differences between the initial value and the value when due.

#### 2.9.19. Grants

A Government grant is recognised when there is reasonable certainty that it will be received and all conditions relating to the same have been met. When grants related to income regard cost components, they are deducted from the costs to which they refer. In the event in which a grant relates to an asset, the fair value is recognised as a reduction of the value of the assets to which it refers, with a consequent reduction of amortisation or depreciation charges.

#### 2.9.20. Leases

Finance leases, which substantially transfer all of the risks and benefits relating to the ownership of the leased asset to the Group, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of instalments. Instalments are split on a pro rata basis between a principal amount and an interest amount in order to apply a constant interest rate to the residual balance of the debt. Financial expense is booked directly to the income statement. Capitalised leased assets are amortised or depreciated over the shortest timeframe between the estimated useful life of the asset and the length of the lease agreement, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the agreement.

Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the agreement.

#### 2.9.21. Revenue

Revenue is recognised to the extent to which it is likely that the economic benefits will be consumed by the Group and the relative amount can be reliably determined. The following specific recognition criteria must be applied to revenue before it may be booked to the income statement:

- Sale of assets: the revenue is recognised when the enterprise has transferred all of the significant risks and benefits related to the ownership of the asset to the buyer.
- Provision of services: the revenue generated by the provision of services is recognised in the income statement when the service is performed. If the outcome of the contract cannot be reliably estimated, the revenue is recognised only to the extent to which the costs incurred are considered recoverable.

In cases in which extensions are granted to the customer not at normal market conditions, without accruing interest, the amount that will be collected is discounted. The difference between the present value and the amount collected represents financial income and is recorded on an accrual basis.

- Interest: is recognised as financial income when the applicable interest income has been established (calculated using the effective interest method which is the rate that exactly discounts the expected future cash flows based on the expected life of the financial instrument at the net book value of the financial asset).
- Dividends: are recognised when the right of shareholders to receive payment arises.

### 2.9.22. Costs of goods and services

In accordance with the accrual principle, the above costs contribute to reducing economic benefits, and take the form of cash outflows or the reduction of the value of an asset or the incurrance of a liability.

### 2.9.23. Current and deferred taxes

Deferred tax assets and liabilities are calculated on the temporary differences arising on the date of the financial statements between the tax amounts taken as reference for assets and liabilities and the amounts shown in the financial statements.

Deferred tax liabilities are recognised against all taxable temporary differences, with the exception of:

- when the deferred tax liabilities originate from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, if the reversal of the temporary differences may be checked and it is likely that it will arise in the foreseeable future.

Deferred tax assets are recognised against all deductible temporary differences to the extent that the existence of adequate future tax income is likely, which can render the use of the deductible temporary differences applicable, with the exception of the case in which:

- the deferred tax assets related to the deductible temporary differences originate from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with regard to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, the deferred tax assets are recognised only to the extent to which it is likely that the deductible temporary differences will be paid again in the future or there is adequate taxable income against which the temporary differences may be used. The likelihood of recovering deferred tax assets is assessed with reference, in particular, to taxable income expected in subsequent years and to the tax strategies that the Group intends to adopt (for example, tax consolidation agreements).

The value of deferred tax assets to be reported in the financial statements is reviewed on the closing date of the financial statements.

Deferred tax assets that are not recognised are reviewed annually on the closing date of the financial statements.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which the assets are realised or the liabilities are extinguished, on the basis of rates that will be issued or substantially issued on the date of the financial statements. In this regard, with reference to the Group's Italian companies, note that art. 1, paragraph 61 of 2016 Italian Stability Law has established that, effective for tax years subsequent to that ending 31 December 2016 (and therefore from 1 January 2017), the rate of IRES will be 24% instead of the current 27.5%. Therefore, from 2016, the tax rates to be applied to the calculation of deferred tax assets and liabilities have been accordingly adjusted.

Income taxes relating to items recognised directly under shareholders' equity are booked to shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and said deferred taxes are enforceable vis-à-vis the tax authority in question.

Be Think, Solve, Execute S.p.A (hereinafter “Be S.p.A”), the consolidating Parent Company, has a tax consolidation option for the three-year period 2014-2016 with the subsidiary Be Consulting Think, Project & Plan S.p.A. (hereinafter “Be Consulting”); for the three-year period 2015-2017 with the following subsidiaries: Be Solutions Solve, Realize & Control S.p.A. (hereinafter “Be Solutions”), Be Enterprise, Process Solutions S.p.A. (hereinafter “Be Eps”); for the three-year period 2016-2018 with Be Professional Services S.p.A (hereinafter “Be Professional”) and with A&B S.p.A in liquidation.

Note that, Italian Legislative Decree no. 147 dated 14 September 2015 (so-called Internationalisation decree) introduced the regime of the so-called “branch exemption”, namely the option of exempting the income (and the losses) of permanent foreign organisations, who are therefore taxed exclusively in the Country in which the permanent organisation is located. Therefore, iBe Think Solve Execute Ltd-Italian Branch also chose this option.

Economic, equity and financial transactions resulting from the application of tax consolidation are regulated by a “tax consolidation contract” which disciplines the legal relationships resulting from the national tax consolidation scheme.

On the basis of this agreement, against taxable income recorded and transferred to the Parent Company, the Subsidiary undertakes to recognise “tax adjustments” corresponding to the sum of the relative taxes due on the income transferred to the Parent Company.

#### **2.9.24. Foreign currency translation**

The currency adopted for the consolidated financial statements is the Euro. Transactions in currencies other than the Euro are initially recognised at the exchange rate in force (against the functional currency) on the date of the transaction. Monetary assets and liabilities, denominated in currencies other than the Euro, are reconverted into the functional currency in force on the closing date of the financial statements. All exchange rate differences are recognised in the income statement. Non-monetary items measured at historical cost in currencies other than the Euro are converted by the exchange rates in force on the date of initial recognition of the transaction. Non-monetary items measured at fair value in currencies other than the Euro are converted by the exchange rates in force on the date said value was determined.

#### **2.9.25. Business combinations**

Business combinations are recognised according to the acquisition method, as envisaged by IFRS 3 - Business combinations.

In the case of Business combinations that are performed in stages, the equity investment previously held in the acquired enterprise and remeasured at fair value on the date on which control was acquired and any resulting gains or losses are booked to the Income Statement under Gains/(losses) from disposal of equity investments. Any amounts resulting from the previously held equity investment and recognised under Other total gains and losses are reclassified in the Income Statement as if the equity investment had been disposed of.

### 2.9.26. Earnings per share

Earnings per share are calculated by dividing the net profit/loss for the period pertaining to the ordinary shareholders of the Parent Company by the average number of ordinary shares outstanding during the period, calculating and showing the effect between assets used in business operations and assets held for sale separately. Diluted earnings also include the effect of all financial instruments outstanding that have a potentially dilutive effect.

### 2.9.27. Derecognition of financial assets and liabilities

#### *Financial assets*

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive cash flows from the asset cease;
- the Group retains the right to receive cash flows from the asset, but has undertaken a contractual obligation to pay them in their entirety and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has substantially transferred all of the risks and benefits of the ownership of the financial assets, or (b) has not substantially transferred, nor retained all of the risks and benefits of the asset, but has transferred the control of the same. In cases in which the Group has transferred the rights to receive cash flows from an asset and has not transferred or substantially retained all of the risks and benefits or has not lost control of the same, the asset is recognised in the financial statements of the Group to the extent of its residual involvement in said asset. Residual involvement may take the form of a guarantee on the asset transferred, and in this case it is measured at the lower between the initial book value of the asset and the maximum value of the amount that the Group could be bound to pay.

#### *Financial liabilities*

A financial liability is derecognised from the financial statements when the obligation underlying the liability ceases, is cancelled or is fulfilled. In cases in which an existing financial liability is replaced by another from the same lender, at substantially different conditions, or the conditions of an existing liability are substantially changed, said replacement or change is treated as the derecognition of the original liability and the recognition of a new liability, with any differences between the book values recorded in the income statement.

### 2.9.28. Impairment loss on financial assets

On each closing date of the financial statements, the Group assesses whether a financial asset or a group of financial assets have suffered any impairment loss.

#### *Assets measured at amortised cost*

If there is objective evidence that a loan or receivable recognised at amortised cost has suffered an impairment loss, the amount of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows (excluding future losses on receivables not yet incurred) discounted at the original effective interest rate of the financial asset (namely at the effective interest rate calculated on the initial recognition date). The book value of the asset will be reduced both directly, and by the use of a provision. The amount of the loss is booked to the income statement.

The Group first assesses the existence of objective evidence of impairment loss at individual level, for financial assets that are significant individually, and then at individual or collective level for the financial assets that are not. In the absence of objective evidence of impairment loss assessed individually, whether significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is impairment tested collectively. Assets assessed at individual level for which an impairment loss is found or continues to be found, are not included in a collective assessment.

If, in a subsequent year, the entity of the impairment loss decreases and said reduction may be objectively attributed to an event that occurred after the recognition of the impairment loss, the value previously reduced may be recovered. Any subsequent value recoveries are recognised in the income statement, to the extent to which the book value of the asset does not exceed the amortised cost at the date of the recovery.

#### *Financial assets recognised at cost*

If there is objective evidence of impairment loss of an unlisted instrument representing equity, which is not recognised at fair value, because its fair value cannot be reliably measured, or of a derivative instrument which is related to said equity instrument and must be settled through the delivery of said instrument, the amount of the impairment loss is measured as the difference between the book value of the asset and the present value of expected future cash flows and is discounted at the current market rate of return for a similar financial asset.

#### *Available-for-sale financial assets*

In the event of an impairment loss of an available-for-sale financial asset, a value corresponding to the difference between the cost of the asset (net of the repayment of the principal and of amortisation) and its present fair value is transferred from shareholders' equity to the income statement, net of any impairment losses previously recognised on the income statement. Value recoveries relating to equity instruments classified as available for sale are not recognised on the income statement. Value recoveries related to debt instruments are recognised on the income statement if the increase in the fair value of the instrument may be objectively attributed to an event that occurred after the loss was recognised on the income statement.

#### *Assets held for sale and liabilities associated to assets held for sale*

Non-current assets (or groups of assets and liabilities) are classified as held for sale if they are available to be immediately sold in their present state, subject to the standard conditions of sale for that type of asset, and that the sale is highly likely. These assets are measured:

- at the lower between the book value and the fair value, net of selling costs, recognising any impairment losses on the income statement, unless part of a business combination transaction, otherwise;
  - at the fair value, net of selling costs (without the option of recognising write-downs at the time of initial recognition), if part of a business combination transaction.
- In any event, the amortisation process is interrupted at the time of classification of the asset, as held for sale.

Assets and liabilities directly related to a group of assets held for sale are classified separately on the statement of financial position, (under “assets and liabilities held for disposal”) as are the pertinent reserves of accumulated profits or losses, directly booked to shareholders' equity. The net profit (loss) of the transactions sold and held for disposal is indicated in a separate item on the income statement.



### 2.9.29. Derivative financial instruments

If the Group uses derivative financial instruments, such as currency forward contracts and interest rate swaps to hedge risks relating mostly to fluctuations in interest rates, these instruments are initially recognised at fair value at the date on which they were stipulated; subsequently, said fair value is periodically re-measured. They are recognised as assets when the fair value is positive and as liabilities when it is negative. Any profits or losses resulting from changes in the fair value of derivatives not suitable for hedge accounting are directly booked to the income statement for the year.

The fair value of the interest rate swaps is determined with reference to the market value of similar instruments.

At 31 December 2016, the Group had a swap in place after entering into a loan agreement with a term of five years, at a floating rate of interest.

### 2.9.30. Put & Call contracts

Put & Call contracts on minority interests for the purpose of the Consolidated Financial Statements, are transactions that are part of transactions conducted on shareholders' equity and are measured at fair value.

More specifically, put and call contracts acquired at the same time control is acquired are recognised under financial liabilities for the value of the Put option and deducted from the interest of minority shareholders until its book value is reached, while any surplus amount is recognised under goodwill.

## 2.10. IFRS accounting standards, amendments and interpretations applicable from 1 January 2016

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2016, and adopted by the Group for the first time, i.e.:

- On 21 November 2013, the IASB published amendments to IAS 19 “**Defined Benefit Plans: Employee Contributions**”, which propose to include contributions (relating only to the service provided by the employee over the year) made by employees or by third parties in defined benefit plans to reduce the service cost of the year in which said contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is retained that said contributions are to be considered as part of a post-employment benefit, rather than a short-term benefit and, therefore, that said contribution should be spread over the years of service of the employee.

**The adoption of these amendments has had no effect on the Group's Consolidated Financial Statements.**

- On 12 December 2013, the document entitled “**Annual Improvements to IFRSs: 2010-2012 Cycle**” was published, which includes amendments to certain standards. The main changes regard:
  - IFRS 2 Share-based Payment – Definition of vesting condition. Changes have been made to the definitions of “vesting condition” and “market condition” and further definitions of “performance condition” and “service condition” have been added (previously included in the definition of “vesting condition”);
  - IFRS 3 Business Combinations - Accounting for contingent consideration. The change clarifies that a variable price component (contingent consideration) within a business combination classified as a financial asset or liability (unlike that envisaged for that

classified as an equity instrument) must be re-measured at fair value at each accounting period closing date and the fair value changes must be recognised in the income statement or under components of the statement of comprehensive income in accordance with the requirements of IAS 39 (or IFRS 9);

- IFRS 8 Operating Segments – Aggregation of operating segments. The changes require an entity to provide disclosure on assessments made by management in application of criteria for the aggregation of operating segments, including a description of the operating segments aggregated and of the economic indicators considered when deciding whether said operating segments had similar economic characteristics and therefore permit the aggregation;
- IFRS 8 Operating Segments – Reconciliation of the total of the reportable segments' assets to the entity's assets. The changes clarify that the reconciliation of total assets of operating segments and the total assets as a whole of the entity must be presented only if the total assets of the operating segments are regularly reviewed by the highest decision-making level of the entity;
- IFRS 13 Fair Value Measurement – Short-term receivables and payables. The Basis for Conclusions for this standard have been amended with a view to clarifying that with the issue of IFRS 13, and the consequent changes to IAS 39 and IFRS 9, current trade receivables and payables can still be recognised in the accounts without recognising the effect of discounting, if the same is immaterial;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortisation. The changes have eliminated inconsistencies in the recognition of accumulated depreciation/amortisation when a tangible or intangible asset is revalued. The changes clarify that the gross book value must be consistent with the revaluation of the book value of the asset and that accumulated depreciation/amortisation corresponds to the difference between the gross book value and the book value (also net of impairment losses recorded);
- IAS 24 Related Party Disclosures – Key management personnel. The change clarifies that if the services of executives with strategic responsibilities are provided by an entity (and not by a physical person), said entity is to be considered a related party in any event.

The changes are to be applied at the latest from years that start on 1 February 2015 or later.

**The adoption of these amendments has had no effect on the Group's Consolidated Financial Statements.**

- On 6 May 2014, the IASB issued several amendments to **IFRS 11 Joint Arrangements - Accounting for acquisitions of interests in joint operations** regarding the recognition of the acquisition of a stake in a joint operation, whose activity is considered a business according to IFRS 3. The amendments require that the principles established by IFRS 3 are applied to these cases, with regard to the recognition of the effects of a business combination. The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

- On 30 June 2014, the IASB issued a number of amendments to **IAS 16 Property, Plant and Equipment** and to **IAS 41 Agriculture – Bearer Plants**. The amendments require that bearer plants, namely fruit trees that give rise to annual harvests (e.g. vines, hazelnut plants) have to be recorded in the accounts according to the requirements of IAS 16 (rather than IAS 41). This means that these assets must be measured at cost rather than fair value, net of selling costs (although the use of the revaluation method proposed by IAS 16 is permitted). The changes proposed are limited to trees used to produce seasonal fruit and not to be sold as living plants or subject to a harvest as agricultural products. These trees will be included in the scope of IAS 16 also during the organic ripening phase, namely until such time as they are no longer able to generate agricultural products.

The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

- On 12 May 2014 the IASB issued a number of amendments to **IAS 16 Property, Plant and Equipment** and to **IAS 38 Intangible Assets – “Clarification of acceptable methods of depreciation and amortisation”**. The amendments to IAS 16 establish that depreciation criteria established on the basis of revenue are not appropriate, insofar as, according to the amendment, the revenue generated by an initiative, which includes the use of an asset subject to depreciation, generally reflects factors other than just the consumption of the economic benefits of said asset, which instead is required for depreciation. The changes to IAS 38 introduce a relative assumption, according to which amortisation criteria based on revenue is usually considered inappropriate for the same reasons established by the changes made to IAS 16. In the case of intangible assets, this assumption may also be superseded, but only in limited and specific circumstances.

The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

- On 25 September 2014, the IASB published a document entitled “**Annual Improvements to IFRSs: 2012-2014 Cycle**”. The changes introduced by the document must be applied from years which start on 1 January 2016 or later.  
The document introduces changes to the following standards:
  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The change to the standard introduces specific guidelines for the standard in the case in which an entity reclassifies an asset (or a disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classifying an asset as held-for-distribution are no longer met. The changes establish that (i) for said reclassifications, the same classification and measurement criteria continue to be valid; (ii) assets that no longer meet the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset that ceases to be classified as held-for-sale;
  - IFRS 7 – Financial Instruments: Disclosure. The changes regulate the introduction of further guidelines to clarify whether a servicing arrangement represents continuing involvement in an asset transferred for the purpose of disclosure with relation to the transferred assets. Furthermore, it is clarified that the disclosure of financial assets and liabilities is not usually expressly required for interim financial statements, except in cases where the disclosure is considered significant;
  - IAS 19 – Employee Benefits. The document introduces changes to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits should be in the same currency as that used to pay the benefits. The changes specify that the scale of the high quality corporate bonds market to be considered is that of currency and not of the country of the reporting entity;
  - IAS 34 – Interim Financial Reporting. The document introduces changes in order to clarify the requirements to be met in the case in which the disclosure requested is included in the interim financial report, but not in the interim financial statements. The amendment specifies that this disclosure is to be included by means of a cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to readers of the financial statements in the same way and with the same timing of the interim financial statements.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

- On 18 December 2014, the IASB issued an amendment to **IAS 1 – Disclosure Initiative**. The objective of the changes is to provide clarifications on elements of disclosure that may be perceived as preventing the clear and intelligible preparation of the financial statements. The following changes have been made:
  - Materiality and aggregation: clarifies that an entity should not obscure information by aggregating or disaggregating information and that materiality considerations apply to the financial statement schedules, notes and any specific disclosure requirements in IFRS. The document specifies that disclosures requested specifically by IFRS must be provided if the information is material;
  - Statement of financial position and statement of comprehensive income: clarifies that the list of items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Guidelines have also been provided on the presentation of subtotals in these statements;
  - Presentation of items of Other Comprehensive Income (“OCI”): clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to the income statement;
  - Notes: clarifies that entities have flexibility when designing the structure of the notes and provides guidelines on how to determine a systematic order of the notes, for example:
    - i. by giving significance to those that are more relevant to the understanding of the financial position (e.g. by grouping information on specific assets);
    - ii. by grouping items measured using the same criteria (e.g. assets measured at fair value);
    - iii. by following the order of the items presented in the statements.

The changes introduced by the document must be applied from years which start on 1 January 2016 or later.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

- On 18 December 2014, the IASB published a document entitled “**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**”, containing amendments on topics that emerged following the application of the consolidation exception granted to investment entities. The changes introduced by the document must be applied from years which start on 1 January 2016 or later, early adoption is also permitted.

**The adoption of this amendment has had no effect on the Group's Consolidated Financial Statements.**

## **2.11. Accounting Standards, IFRS and IFRIC amendments and interpretations endorsed by the European Union, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2016**

- On 28 May 2014, the IASB published **IFRS 15 - Revenue from Contracts with Customers** which, together with further clarifications published on 12 April 2016, will replace standards IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will be applied to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The fundamental steps for the recognition of revenue according to the new model are:

- identifying the contract with the customer;
- identifying the performance obligations of the contract;
- establishing the price;
- allocating the price to the performance obligations of the contract;
- the recognition criteria for revenue when the entity fulfils each performance obligation.

The standard is applicable from 1 January 2018, although early adoption is permitted. The amendments to IFRS 15, Clarifications to IFRS 15 - Revenue from Contracts with Customers, published by the IASB in April 2016, have not yet been endorsed by the European Union.

**The directors do not expect the application of IFRS 15 to have a significant impact on the amounts recognised as revenue or on the relative disclosure contained in the Group’s consolidated financial statements. However, a reasonable estimate cannot be provided until the Group has completed a detailed analysis of its contracts with customers.**

- On 24 July 2014, the IASB published the final version of **IFRS 9 - Financial instruments**. This document encompasses the results of the IASB project to replace IAS 39. The new standard must be applied to financial statements that start on 1 January 2018 or later.

The standard introduces the new criteria for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the procedure adopted to manage financial instruments and on the characteristics of the contractual cash flows of the same financial assets in order to determine the measurement criterion, replacing the various rules envisaged by IAS 39. As regards financial liabilities instead, the main change made regards the accounting treatment of changes in the fair value of a financial liability designated as a financial liability measured at fair value through profit and loss, in the event in which these changes are due to a change in the credit rating of the issuer of the liability in question. According to the new standard, these changes must be recognised in “other comprehensive income” rather than the income statement.

With regard to impairment, the new standard requires that the estimate of losses on loans is made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supportable information that is available without undue cost or effort, and that includes historical, current and forecast information. The standard envisages that this impairment model should be applied to all financial instruments, namely to financial instruments measured at amortised cost, to those measured at fair value through other comprehensive income, lease receivables and trade receivables.

Lastly, the standard introduces a new hedge accounting model with a view to improving on the requirements envisaged by the current IAS 39, which at times are considered too strict and not suitable to reflect the risk management policies of companies. The main new features of the document regard:

- the increase of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities to be managed in hedge accounting;
- the change in the way that forward contracts and options are recognised when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- the changes to the test of effectiveness by replacing the current procedures based on a parameter of 80-125% with the principle of “economic relationship” between the item hedged and the hedging instrument; furthermore, a retrospective assessment of the effectiveness of the hedging relationship will no longer be required;

The greater flexibility of the new accounting rules is counterbalanced by requests for additional disclosures on the company's risk management activities.

**The directors do not expect the application of IFRS 9 to have a significant impact on the amounts or on the disclosure contained in the Group’s consolidated financial statements. However, a reasonable estimate cannot be provided until the Group has completed a detailed analysis.**

## 2.12. Accounting Standards, IFRS amendments and interpretations not yet endorsed by the European Union

At the reference date of these Group Consolidated Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process required for adoption of the amendments and standards illustrated below.

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which will replace IAS 17 - Leases, as well as interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and the right to direct the use of the asset underlying the contract.

The standard established a single model for the recognition and measurement of lease contracts for the lessee, which entail recognising the leased asset, including operating assets, under assets in the statement of financial position, with a balancing entry of a financial payable, also giving the option of not recognising contracts that regard “low value assets” and those with a term of under 12 months as leases. On the contrary, the Standard does not involve any changes for lessors.

The standard is applicable from 1 January 2019, although early adoption is permitted, only for Companies that applied IFRS 15 - Revenue from Contracts with Customers early.

**The directors believe that the application of IFRS 16 could have a significant impact on the recognition of lease contracts and on the relative disclosure contained in the Group’s consolidated financial statements. An initial analysis conducted on active contracts relating to rent and leased vehicles, the potential impact for the Group, considering the individual due date that cover the period between 1 January 2017 and 28 February 2030, amounts to higher financial payables of Euro 11.5 million.**

- On 19 January 2016, the IASB published a document entitled “**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**” which contains amendments to international accounting standard IAS 12. The objective of the document is to provide clarification on the recognition of deferred tax assets for unrealised losses in the event of certain circumstances and on an estimate of taxable income in future years. The changes are applicable from 1 January 2017, although early adoption is permitted.

**At present, the directors are assessing the potential impact that the introduction of these changes would have on the Group’s consolidated financial statements.**

- On 29 January 2016, the IASB published a document entitled “**Disclosure Initiative (Amendments to IAS 7)**” which contains amendments to international accounting standard IAS 7. The objective of the document is to provide clarification to improve the disclosure of financial liabilities. More specifically, the amendments require a disclosure to be provided that enables the users of financial statements to understand the changes in liabilities resulting from loan transactions, including therein the changes resulting from monetary changes and those resulting from non-monetary changes. The changes do not envisage a specific format to be used for the disclosure. Nevertheless, the changes introduced require an entity to provide a reconciliation between the opening balance and the closing balance of liabilities resulting from financial transactions. The changes are applicable from 1 January 2017, although early adoption is permitted. The presentation of comparative information relating to previous years is not required.

**The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.**

- On 20 June 2016, the IASB published a document entitled “**Classification and measurement of share-based payment transactions (Amendments to IFRS 2)**” which contains amendments to international accounting standard IFRS 2. The changes provide clarification regarding the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with the characteristics of net settlement and the recognition of changes to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The changes are applicable from 1 January 2018, although early adoption is permitted.

**The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.**

- On 12 September 2016, the IASB published a document entitled “**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**”. For entities whose predominant business activities are connected with insurance, the objective of the changes is to clarify concerns resulting from the application of the new standard IFRS 9 to financial assets, before the IASB replaces the current standard IFRS 4 with the new standard, currently being drawn up, on the basis of which, financial liabilities are measured instead.

The changes introduce two possible approaches:

- overlay approach
- deferral approach.

These approaches will allow:

- the option of recognising the effects resulting from the application of IFRS 9 rather than of IAS 39 of certain designated financial assets before the application of the new standard regarding insurance contracts in the statement of comprehensive income (i.e. in the statement of OCI), instead of in the income statement (“overlay approach”).
- The option of a temporary exemption from the application of IFRS 9 until the earlier of the date of application of the new standards for insurance contracts and the financial year starting 1 January 2021. Entities that defer the application of IFRS 9 will continue to apply the current standard IAS 39 (“deferral approach”).

**The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Annual Improvements to IFRSs: 2014-2016 Cycle**”, which includes amendments to certain standards as part of the annual process to improve the same. The main changes regard:
  - IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters. The amendment of this standard is applicable at the latest from the financial year starting on 1 January 2018 and regards the deletion of certain short-term exemptions envisaged by paragraphs E3-E7 of Appendix E of IFRS 1 insofar as the benefit of said exemptions is considered to have been superseded.
  - IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment clarifies that the option for a venture capital organization or a qualifying entity (such as, for example a mutual investment fund or similar entity) to measure investments in an associate or joint venture at fair value through profit or loss (rather than through the application of the net equity method) is made for each individual investment on initial recognition. The change is applicable from 1 January 2018.
  - IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard. The amendment clarifies the scope of application of IFRS 12, by specifying that the disclosure requirements in the standard, with the exception of those envisaged in

paragraphs B10-B16, apply to all interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5 non-current assets held for sale and discontinued operations. The change is applicable from 1 January 2017.

**The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)**”. The objective of the interpretation is to provide guidelines for foreign currency transactions where non-monetary payments or receipts made in advance are recognised in the financial statements before the recognition of the relative asset, cost or income. The document provides indications of how an entity should establish the date of a transaction, and consequently, the exchange rate to use in the case of foreign currency transactions in which the payment is made or received in advance. The interpretation clarifies that the date of the transaction is the earlier between:
  - a) the date of initial recognition of the payment or the receipt made in advance in the financial statements of the entity;
  - b) the date on which the asset, cost or income (or part of the same) are recognised in the financial statements (with the consequent elimination of the payment or the receipt made in advance).

If there are multiple payments or receipts in advance, a date of transaction must be established for each payment or receipt. IFRIC 22 is applicable from 1 January 2018, although early adoption is permitted.

**At present, the directors are assessing the potential impact that the introduction of these changes would have on the Group's consolidated financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Transfers of Investment Property (Amendments to IAS 40)**” which contains amendments to international accounting standard IAS 40. These amendments clarify the transfers of a property from, or to, investment property. More specifically, an entity must reclassify a property under, or from, investment property only when there is evidence of a change in use of the property. Said change must relate to a specific event that took place, and must not therefore be limited to a change in the intentions of the entity's management. These changes are applicable from 1 January 2018, although early adoption is permitted.

**The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.**

- On 11 September 2014, the IASB published an amendment to **IFRS 10** and **IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. This document was published to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a stake in the share capital of the latter is limited to the stake held by other investors not involved in the transaction in the joint venture or associate. On the contrary, IFRS 10 envisages the recognition of the entire gain or loss in the case of the loss of control of a subsidiary, even if the entity continues to hold a non-controlling interest in the same, also including the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced envisage that in a sale/contribution of an asset or of a subsidiary to a joint venture or an associate, the amount of the gain or of the loss to be recognised in the financial statements of the seller/contributor depends on whether or not the assets or the subsidiary sold/contributed constitutes a business, as defined by IFRS 3. If the assets or the subsidiary do represent a business, the entity must recognise the gain or the loss on the entire investment previously held; otherwise, the share of the gain or the loss relating to the interest still held by the entity must be derecognised. At present, the IASB has suspended the application of this amendment.



The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.

### 2.13. Business combinations in the reporting period

As described previously, in the first half of 2016 Be Group acquired 55% of R&L AG through the subsidiary Targit GmbH, 100% of Loc Consulting Ltd through the subsidiary iBe Ltd, and 51% of Iquii S.r.l. through the subsidiary Be Solutions, confirming its consolidation strategy for the domestic and European market.

- With regard to the 55% acquisition of R&L AG, the Company paid Euro 1.5 million at the time of closing. The reference values for the transaction were as follows:

#### Reference amount for the R&L AG acquisition transaction

<i>Amounts in EUR thousands</i>	<b>Book value of the business acquired</b>	<b>Fair value adjustments</b>	<b>Fair Value</b>
Intangible assets	364	1,170	1,534
Inventories	3		3
Trade receivables	698		698
Other assets and receivables	85		85
Cash and cash equivalents	670		670
Post-employment benefits (TFR)	(123)		(123)
Deferred tax liabilities	(61)	(386)	(447)
Trade payables	(188)		(188)
Other liabilities and payables	(231)		(231)
<b>NET TOTAL OF ASSETS ACQUIRED</b>	<b>1,216</b>	<b>784</b>	<b>2,000</b>
<b>GOODWILL</b>			<b>363</b>
<b>ACQUISITION PRICE</b>			<b>2,363</b>
broken down as follows, (amounts include discounting at the acquisition date):			
2016 fee			(1,470)
Extended fee discounted including earn-out			(893)
<b>CASH FLOW FROM THE ACQUISITION</b>			
Payment already made			(1,470)
Cash and cash equivalents acquired			670
<b>NET CASH FLOWS</b>			<b>(800)</b>

Note that the agreement between the parties potentially envisages the payment of an “extra price consideration” based on positive results achieved by the subsidiary in 2016 and 2017. On the basis of currently available estimates, said “extra price” has been quantified as Euro 137 thousand (corresponding to a discounted amount at the acquisition date of Euro 130 thousand). The amount will be paid as follows: Euro 105 thousand by 31 March 2017 and Euro 32 thousand by 31 March 2018.

Furthermore, contractual agreements envisage the compulsory buy-out of the remaining 45.00% of shares, by means of a put&call option. In particular, the put&call option envisages a basic fee (floor) of Euro 742 thousand, to be increased up to a maximum (cap) of Euro 2,025 thousand based on any positive results achieved by the subsidiary in 2018 and 2019. The sale price for the 45.00% has been established as Euro 882 thousand (corresponding to a discounted amount at the acquisition date of Euro 763 thousand), which must be paid by 31 March 2020.

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control. Euro 1,170 thousand of the gain generated by the acquisition was allocated to software with a useful life of five years, and the remainder of Euro 363 thousand was allocated to goodwill.

In the period between the date of acquisition of control by Be Group and the closing date of the Consolidated Financial Statements at 31 December 2016, the company recorded a total revenue of Euro 3,803 thousand and a profit after tax of Euro 352 thousand.

- With regard to the 100% acquisition of Loc Consulting Ltd, the Company paid Euro 4.3 million at the time of closing. The reference values for the transaction were as follows:

#### Reference amount for the Loc Consulting Ltd acquisition transaction

<i>Amounts in EUR thousands</i>	Book value of the business acquired	Fair value adjustments	Fair Value
Property, plant and equipment	27		27
Intangible assets		2,103	2,103
Trade receivables	1,215		1,215
Cash and cash equivalents	3,213		3,213
Deferred tax liabilities		(400)	(400)
Trade payables	(1,227)		(1,227)
<b>NET TOTAL OF ASSETS ACQUIRED</b>	<b>3,227</b>	<b>1,704</b>	<b>4,931</b>
<b>GOODWILL</b>			<b>1,482</b>
<b>ACQUISITION PRICE</b>			<b>6,413</b>
broken down as follows, (amounts include discounting at the acquisition date):			
2016 fee			(4,259)
Extended fee discounted including earn-out			(2,154)
<b>CASH FLOW FROM THE ACQUISITION</b>			
Payment already made			(4,259)
Cash and cash equivalents acquired			3,213
<b>NET CASH FLOWS</b>			<b>(1,046)</b>

Note that the agreement between the parties envisages the payment of an earn-out.

The above-mentioned fee (including the earn-out) was calculated on the basis of currently available estimates of Euro 2,303 thousand (corresponding to a discounted amount at the acquisition date of Euro 2,154 thousand).

The residual amount will be paid as follows: Euro 750 thousand by 31 January 2017, Euro 150 thousand by 30 April 2017, Euro 750 thousand by 31 January 2018, Euro 272 thousand by 30 April 2018 and Euro 381 thousand by 30 April 2019.

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control. Euro 2,103 thousand of the gain generated by the acquisition was allocated to a “customer list” with a useful life of ten years, and the remainder of Euro 1,482 thousand was allocated to goodwill.

In the period between the date of acquisition of control by Be Group and the closing date of the Consolidated Financial Statements at 31 December 2016, the company recorded a total revenue of Euro 6,923 thousand and a profit after tax of Euro 311 thousand.

- With regard to the 51% acquisition of Iquii S.r.l., the Company paid Euro 0.5 million at the time of closing. The reference values for the transaction were as follows:

### Reference amount for the Iquii Srl acquisition transaction

<i>Amounts in EUR thousands</i>	Book value of the business acquired	Fair value adjustments	Fair Value
Property, plant and equipment	10		10
Intangible assets	0	394	394
Trade receivables	85		85
Other assets and receivables	27		27
Cash and cash equivalents	88		88
Post-employment benefits (TFR)	(4)		(4)
Deferred tax liabilities	0	(110)	(110)
Trade payables	(102)		(102)
Tax payables	(40)		(40)
Other liabilities and payables	(17)		(17)
<b>NET TOTAL OF ASSETS ACQUIRED</b>	<b>48</b>	<b>284</b>	<b>332</b>
<b>GOODWILL</b>			<b>1,353</b>
<b>ACQUISITION PRICE</b>			<b>1,684</b>
broken down as follows, (amounts include discounting at the acquisition date):			
2016 fee			(526)
Extended fee discounted including earn-out			(1,159)
<b>CASH FLOW FROM THE ACQUISITION</b>			
Payment already made			(526)
Cash and cash equivalents acquired			88
<b>NET CASH FLOWS</b>			<b>(437)</b>

Note that the agreement between the parties envisages two subsequent put/call options to acquire a further 29% by 2021 and the option of achieving 100% of the capital with the purchase in 2025 of the residual share capital. The put&call options envisage a consideration based on any positive results achieved by the subsidiary in 2018-2020 and 2021-2024.

The sale price for the 29% has been quantified, on the basis of currently available estimates, as Euro 677 thousand (corresponding to a discounted amount at the acquisition date of Euro 575 thousand), while the sale price for the remaining 20% has been established as Euro 773 thousand, (corresponding to a discounted amount at the acquisition date of Euro 583 thousand). Therefore, the total amount for the purchase of the remaining 49% has been established as Euro 1,449 thousand (corresponding to a discounted amount at the acquisition date of Euro 1,159 thousand). This amount will be paid as follows: Euro 677 thousand by 30 June 2021 and Euro 773 thousand by 30 June 2025.

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control. Euro 394 thousand of the gain generated by the acquisition was allocated to software with a useful life of five years, and the remainder of Euro 1,353 thousand was allocated to goodwill.

In the period between the date of acquisition of control by Be Group and the closing date of the consolidated financial statements at 31 December 2016, the company achieved a total revenue of Euro 1,042 thousand and a profit before tax of Euro 120 thousand.

## 2.14. Segment reporting

The disclosure required by IFRS 8 is provided, taking into account the organisational structure of the Group, which includes the following operating segments:

- **Business Consulting:**

Business Unit: active in the business consulting sector. This business unit operates through Be Consulting Think, Project & Plan S.p.A, iBe Solve Execute Ltd, Be Ukraine Think, Solve, Execute S.A., Be Poland Think, Solve, Execute Sp.zo.o., Targit Group, Be Sport, Media & Entertainment Ltd, Loc Consulting Ltd and R&L AG.

- **ICT Solutions:**

Business Unit: active in the provision of integrated solutions and systems for the financial services, insurance and utilities sectors. This business unit covers the activities performed by Be Solutions Solve Realize & Control S.p.A., Be Enterprise Process Solutions S.p.A. and Be Think Solve Execute RO S.r.l., Iquii S.r.l.

- **ICT Professional Services:**

Business Unit: active in the provision of specialised programming language, solutions and ICT architecture expertise. This business unit relates to activities performed by Be Professional Services S.p.A.

The structure of the disclosure reflects that of the reports periodically analysed by management and by the Board of Directors to manage the business and is the subject of periodic management reporting and planning. The Parent Company's activities and those of residual businesses are indicated separately.

The economic positions of the Group for 2016 compared with 2015 are reported below, separating continuing operations from discontinued operations.

The operating segment values illustrated are gross of intercompany transactions with other Group companies from different segments, whilst the value of production by operating segment and by customer type indicated in the Management Report is shown net of all intercompany transactions between Group companies.

At present, the Group does not believe that a segment analysis by geographic area is relevant for its reporting purposes, even though last year the operating revenue reported by foreign subsidiaries amounted to Euro 57.0 million, up 72.6% compared to 2015 (Euro 33.0 million).

**Breakdown by operating segment 1 January 2016 - 31 December 2016**

	Consulting	IT Services	Professional Services	Corporate and other	Discontinued	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	102,227	31,821	8,558	4,348		(11,306)		135,648
Other revenue	807	2,239	343	591		(2,903)		1,077
Value of production	103,034	34,060	8,901	4,939		(14,209)		136,725
Operating Profit (Loss) (EBIT)	12,124	1,755	(1,282)	(3,406)		3		9,194
Net financial expense	(891)	(762)	(97)	3,802		(3,793)		(1,741)
Net profit (loss)	7,344	346	(1,087)	1,489		(3,525)	(321)	4,246
Goodwill	26,834	28,064	748	0				55,645
Intangible assets	9,360	7,411	907	0				17,678
Property, plant and equipment	1,234	288	438	8				1,968
Segment assets	64,711	20,263	5,765	111,002		(134,675)		67,065
Segment liabilities	(53,504)	(34,837)	(6,725)	(68,678)		72,448		(91,296)

**Breakdown by operating segment 1 January 2015 - 31 December 2015**

	Consulting	IT Services	Professional Services	Corporate and other	Discontinued	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	79,607	34,866	9,120	3,927		(13,247)		114,273
Other revenue	1,166	1,010	164	715		(1,898)		1,157
Value of production	80,773	35,876	9,284	4,642		(15,145)		115,430
Operating Profit (Loss) (EBIT)	10,562	80	15	(2,593)		1		8,066
Net financial expense	(946)	(1,050)	(213)	3,910		(3,517)		(1,816)
Net profit (loss)	6,125	(1,151)	(247)	2,592		(3,516)	(347)	3,455
Goodwill	25,894	26,711	748	0				53,353
Intangible assets	8,432	8,034	326	4				16,795
Property, plant and equipment	578	252	420	27				1,277
Segment assets	50,700	18,316	5,591	98,669		(121,723)		51,553
Segment liabilities	(47,403)	(34,658)	(6,346)	(55,153)		69,795		(73,765)

### 3. Breakdown of the main items of the Statement of Financial Position

#### Note 1.

#### Property, plant and equipment

At 31 December 2016, property, plant and equipment recorded a balance of Euro 1,968 million, net of cumulative depreciation, against a total of Euro 1,277 million at 31 December 2015.

#### Change in historical cost

	Historical cost 2015	Business combinations	Increases	Decreases	Write-downs	Exchange gains/losses	Historical cost 2016
Plant and equipment	10,299	195	77	(24)		(26)	10,521
Fixtures and fittings, tools and other equipment	2,738						2,738
Other assets	22,321	99	1,072	(65)		(78)	23,349
Assets under development and advances	43		128	(43)			128
<b>TOTAL</b>	<b>35,401</b>	<b>294</b>	<b>1,277</b>	<b>(132)</b>		<b>(104)</b>	<b>36,735</b>

#### Change in accumulated amortisation

	Accumulated amortisation 2015	Business combinations	Amortisation and depreciation	Decreases	Exchange gains/losses	Accumulated amortisation 2016
Plant and equipment	10,232	181	44	(22)	(26)	10,409
Fixtures and fittings, tools and other equipment	2,738					2,738
Other assets	21,154	75	497	(50)	(55)	21,621
<b>TOTAL</b>	<b>34,124</b>	<b>256</b>	<b>541</b>	<b>(56)</b>	<b>(81)</b>	<b>34,768</b>

#### Net book value

	Net value 2015	Net value 2016
Plant and equipment	67	112
Fixtures and fittings, tools and other equipment	0	0
Other assets	1,167	1,728
Assets under development and advances	43	128
<b>TOTAL</b>	<b>1,277</b>	<b>1,968</b>

The value of fixtures and fittings, tools and other equipment includes all the Group-owned operating assets used in the production of data processing services.

The figure for other assets includes the following:

- vehicles;
- passenger cars;
- ordinary office furniture and machines;

- electronic office machines;
- leasehold improvements.

The increase in other assets during the period mainly refers to the purchase of furniture and fittings and leasehold improvements by several Group companies for office modernisation and renovation, in addition to electronic machines by Be Professional. The decreases refer to the disposal of obsolete assets during the year.

## **Note 2.**

### **Goodwill**

Goodwill stood at Euro 55,645 thousand at 31 December 2016. The cash generating units (CGUs) were identified for impairment testing purposes based on the Group's reorganisation defined during 2013 and consistent with the former IFRS 8 reporting structure described in the paragraph 2.13 "Segment reporting".

The breakdown is as follows:

<b>Goodwill</b>	<b>Balance at 31.12.2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Exchange gains/losses</b>	<b>Balance at 31.12.2016</b>
<b>Cash generating unit (CGU)</b>					
Business Consulting	25,894	1,845		(905)	26,834
ICT Services	26,711	1,353			28,064
ICT Professional Services	748				748
<b>Total</b>	<b>53,353</b>	<b>3,198</b>		<b>(905)</b>	<b>55,645</b>

The recoverable amount of the CGU is determined on the basis of the value in use obtained by discounting the expected cash flows generated by the management of the assets set in place by the Group's business units. The cash flow forecast, the trend of interest rates and the main monetary variables are determined on the basis of the best information available at the time of the estimation and based on the 2017-2019 Plan containing forecasts of revenue, investment and operating costs. On the basis of the results of impairment testing - refer to below - the Directors therefore confirmed the sustainability of the book value of goodwill recognised at 31 December 2016.

The increase in goodwill of Euro 3,198 thousand refers to the acquisition of 55% of R&L AG through the subsidiary Targit GmbH, of 100% of Loc Consulting Ltd through the subsidiary iBe Ltd and of 51% of Iquii S.r.l. through Be Solutions.

### **Impairment testing**

The company conducted annual impairment testing on the goodwill recognised in the consolidated financial statements in accordance with the provisions of IAS 36, Impairment of assets. The goodwill shown above was recognised at 31 December 2016, after impairment testing, for an amount of Euro 55,645 thousand. In 2016, based on the results of the impairment testing of the CGUs and of the relative sensitivity analyses conducted with the assistance of an external consultant, the Directors decided that the above amounts recognised could be recovered. The aim of the impairment test was to establish the "value in use" of the CGUs that represent the Group's activities, by discounting cash flows ("DCF Analysis") extrapolated from the 2017-2019 Plan. For the purpose of goodwill impairment testing, IAS 36 establishes that the recoverable amount of the CGUs to which the goodwill is allocated must be compared with the net book value of the Net Invested Capital. The recoverable amount may be estimated by referring to two value categories: the greater between "value in use" and "fair value" less selling costs. In the absence of a fair value, the Group

estimated the recoverable amount on the basis of the value in use. This criterion entails calculating the recoverable amount of the CGU by discounting cash flows at an adequate discounting rate.

Given the above, the test conducted, is based on the following criteria:

- the value in use of each CGU is the sum of the following two elements: (a) the present value of the “available” operating cash flows (net of the central costs recharged to the different CGUs and of the investment required for their achievement) expected for the analytical forecasting period, which covers financial years from 2017 and 2019; (b) the present amount of the Terminal Value (TV) calculated by capitalising the cash flows expected for normal operations after the analytical forecasting period;
- the rate used to discount the flows estimated for each CGU corresponds to the Weighted Average Cost of Capital (“WACC”). More specifically, to calculate the WACC, the cost of the share capital attributed to the individual CGUs was determined on the basis of the CAPM model, by applying the following parameters: (a) risk-free rate, i.e. the long-term rate of return offered by risk-free liquid investments (10-year Italian BTP); (b) market risk premium, which indicates the higher remuneration requested for investments in risk capital; (c) Beta coefficient, which expresses the level of risk of an investment in a specific share with respect to the risk observed in the reference stock market; (d) small size premium, a premium for the additional risk related to the size of a company with respect to comparable companies used to determine the Beta and the financial structure of the segment; (e) a further premium considered to take into account the risk associated with the plan’s forecasts. The debt to equity ratio (debt/debt + equity) applied in the calculation of the WACC is the ratio for the industry and was determined from a sample of comparable companies;
- the cash flow for normal operations was discounted at the same rate used to discount the flows in the period of the plan and assuming a long-term growth rate “g” of 1% (Gordon Model) in line with the expected inflation rate;
- the flows that show different risk profiles were estimated separately (e.g. Be Ukraine), taking into account the specific contractual forecasts related to the same; similarly, the rate used to discount these flows was also estimated separately;
- given the uncertainty of recording the amount of revenue estimated, to determine the value in use, a discounting rate increased by a probable margin of error in the estimate of the expected cash flows was used; the after-tax discounting rate was therefore 7.78% for the “Professional Services” CGU, 7.84% for the Solutions CGU and 7.73% for the Consulting CGU. With regard to the latter CGU, note that the value in use was calculated also taking into account the flows generated by the subsidiary company Be Ukraine, which reflects the higher country risk.
- lastly, the results of the test underwent a sensitivity analysis. More specifically, within limits considered reasonable, the discounting rate and the expected flows were changed.

In the light of the analyses conducted, the recoverable value of the CGU to which the goodwill was attributed was higher than the corresponding book value at 31 December 2016. The Directors report that the recoverable amount of goodwill is sensitive to variances with respect to the basic assumptions used to prepare the 2017-2019 Plan, such as the revenue and profit margin expected to be recorded.

### **Key assumptions used to calculate value in use**

The calculation of the value in use of the CGUs was made on the basis of the main assumptions illustrated below, used to prepare the 2017-2019 Plan, reworked to remain consistent with the scope requested by the Test of M&A and Start-Up transactions, and considered reasonable by the Directors:

- moderate increase of volumes and of the profit margin in the Consulting area, with regard to higher penetration in system projects/projects on medium-large banks; the rebalancing of volumes in foreign customer portfolios continues, with specific regard to Germany and the UK.
- increase of volumes and of the profit margin of the ICT Solution line by re-positioning skills/the offer in terms of the part most closely related to the “price/value” ratio of the production chain and also by means of specific action in each segment;
- maintaining the current volumes of ICT Professional Services, which will evolve as a supporting business, with stand-alone value as well, to manage activities with relative profit margins and with the



main task of controlling the competition of projects which entail the direct commitment of key professional figures.

### **Sensitivity and changes in assumptions**

Due to the uncertainty relating to the occurrence of any future event, both in terms of whether said event will actually occur and in terms of the extent and timing of the same, the value in use of goodwill is particularly sensitive to any changes in the assumptions underlying the impairment test. Given that, the main drivers used to prepare the 2017-2019 Plan and the impairment test, which could lead to a reduction in the value in use if they change, are listed below:

- achieving forecast revenue: achieving revenue targets, beyond the actions envisaged by management, is also related to market demand, to the renewal and/or award of tenders envisaged and to the successful development of other activities envisaged or in progress;
- achieving the normalised level of profitability and maintaining said level of profitability beyond the period of the 2017-2019 Plan; note that a significant portion of the value in use of goodwill is related to this assumption;
- discount rates: the discount rate was calculated on the basis of external market parameters and therefore the fact that the current macroeconomic crisis could worsen, or that there may be a slowdown of the expected recovery also have to be taken into account as they could have a significant influence on the same, resulting in a change to those used in this analysis.

For the sake of completeness, note that:

- the surplus value in use of the CGUs with respect to the corresponding book value, including the relative goodwill, will become zero due to the systematic reductions of EBIT envisaged by the plan of:
  - 84.70% with regard to the “Business Consulting” CGU;
  - 53.49% with regard to the “ICT Solutions” CGU;
  - 68.84% with regard to the “ICT Professional Service” CGU;
- the after-tax discount rates that render the book value of the CGUs equal to their value in use are respectively:
  - 59.98% with regard to the “Business Consulting” CGU;
  - 15.37% with regard to the “ICT Solutions” CGU;
  - 23.47% with regard to the “ICT Professional Service” CGU;

### **Note 3.**

#### **Intangible assets**

At 31 December 2016, intangible assets recorded a balance of Euro 17,678 thousand, net of cumulative amortisation, compared to Euro 16,795 thousand at 31 December 2015.

The changes during the reporting period, changes in accumulated amortisation and the historic cost are provided below, with amounts expressed in thousands of Euro.

**Change in historical cost**

	Historical cost at 31.12.2015	Increases	Decreases	Reclassifications	Business combinations	Exchange gains/losses	Historical cost at 31.12.2016
Research and development costs	1,135	21					1,156
Rights, patents and intellectual property	219						219
Concessions, licences and trademarks	8,931	41		(25)	3		8,950
Assets under development and advances	2,182	1,830		(1,849)			2,163
Other (including proprietary SW)	36,260	789	(106)	1,814	4,029	(383)	42,403
<b>TOTAL</b>	<b>48,727</b>	<b>2,681</b>	<b>(141)</b>	<b>(60)</b>	<b>4,032</b>	<b>(383)</b>	<b>54,891</b>

**Change in historical cost**

	Accumulated amortisation at 31.12.2015	Amortisation and depreciation	Decreases	Reclassifications	Business combinations	Exchange gains/losses	Historical cost at 31.12.2016
Research and development costs	830	142		(26)			946
Rights, patents and intellectual property	219						219
Concessions, licences and trademarks	8,777	97		(25)			8,849
Other (including proprietary SW)	22,106	5,112		26		(45)	27,199
<b>TOTAL</b>	<b>21,392</b>	<b>5,351</b>		<b>(25)</b>		<b>(45)</b>	<b>37,213</b>

**Net book value**

	Net value 2015	Net value 2016
Research and development costs	305	210
Rights, patents and intellectual property	0	0
Concessions, licences and trademarks	154	101
Assets under development and advances	2,182	2,163
Other (including proprietary SW)	14,154	15,204
<b>TOTAL</b>	<b>16,795</b>	<b>17,678</b>

In 2016, intangible assets relating to customers (“customer list”) of Euro 2,103 thousand and software of Euro 1,564 thousand were recognised against the acquisitions illustrated above. At 31 December 2016, the increases in assets under development mainly refer to the development of the following ICT platforms: “Universo Sirius” by Be Solutions relating to the management of Life and Non-Life insurance portfolios of Euro 937 thousand, “Archivia” by Be Eps for the management of document processes of Euro 324 thousand, as well as Euro 568 thousand for the development of an internal corporate ICT system commissioned to Be Professional, and the platforms owned by the Targit Group, specialised in various areas of the banking industry.

The residual values of individual intangible assets are considered justified on the basis of their estimated useful lives and profitability.

#### **Note 4.**

##### **Equity investments in other companies**

Equity investments in other companies refer to the investment in Talent Garden S.p.A, an Italian start-up, which operates in the sector of co-working and spaces for innovation.

The transaction took place in July 2016 through Be Solutions, which purchased 3,750 shares, corresponding to 2.34% of share capital, against a payment of Euro 300 thousand.

##### **Equity investments in other companies**

	Balance at 31.12.2016	Balance at 31.12.2015
Equity investments in other companies	300	0
<b>TOTAL</b>	<b>300</b>	<b>0</b>

#### **Note 5.**

##### **Loans and other non-current assets**

Loans and other non-current assets refer mainly to guarantee deposits paid for Euro 332 thousand and advances paid to employees in past years to be recovered on termination of their employment contracts for Euro 76 thousand.

Other non-current assets, amounting to Euro 571 thousand, refer to an amount of Euro 556 thousand receivable from a customer and not yet collected at the reporting date. A balancing entry to this receivable is recognised under other non-current liabilities as a payable for the same amount in relation to penalties demanded by the same customer and challenged by the Group.

Non-current prepaid expenses amounted to Euro 117 thousand at 31 December 2016 and mainly refer to costs incurred by Be Solutions relating to the increase of the rent payable for 2017-2019 for the Milan head office in via dei Valtorta.

##### **Other assets and receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Guarantee deposits	332	311
Receivables from employees due beyond 12 months	76	122
Receivables from social security and welfare organisations	43	27
Other non-current receivables	571	556
Non-current prepaid expenses	157	244
<b>TOTAL</b>	<b>1,179</b>	<b>1,260</b>

**Note 6.****Deferred tax assets**

The deferred tax assets in the financial statements refer mainly to the Parent Company and are recognised based on the reasonable assumption that they will be recoverable, in accordance with future taxable income forecast in the three-year plan.

They are calculated on the basis of prior year losses considered recoverable and on the temporary tax differences on taxable provisions for risks and differences between the book value and value for tax purposes on goodwill recognised.

Deferred tax assets are calculated using the tax rates in force from 1 January 2017 (IRES 24% and IRAP 3.9%-4.26%). In fact, as established by the 2016 Italian Stability Law (paragraph 61, article 1, Italian Law no. 208 of 12.12.2015), the IRES tax rate has been reduced, from 1 January 2017, to 24% instead of 27.5%; this circumstance also led to the adjustment of deferred tax assets.

Please refer to the Notes to the financial statements of the Parent Company and to Note 34 herein for further details.

**Deferred tax assets**

	Balance at 31.12.2015	Allocation	Utilisation	Other changes	Balance at 31.12.2016
Deferred tax assets	5,232	152	(245)	(21)	5,118
<b>TOTAL</b>	<b>5,232</b>	<b>152</b>	<b>(245)</b>	<b>(21)</b>	<b>5,118</b>

**Note 7.****Inventories**

Inventories refer mainly to the inventories of consumables of Be Eps for Euro 39 thousand.

**Inventories**

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
Raw materials and consumables	39	3	39
<b>TOTAL</b>	<b>39</b>	<b>3</b>	<b>39</b>

**Note 8.****Trade receivables**

Trade receivables arise from goods and services produced and provided by the Group but not yet collected at 31 December 2016.

**Trade receivables**

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
Receivables due from customers	25,050	1,998	22,810
Bad debt provision for receivables due from customers	(2,115)		(1,456)
<b>TOTAL</b>	<b>22,935</b>	<b>1,998</b>	<b>21,354</b>

The amount allocated in the financial statements is considered fair coverage of the credit risk; the utilisation of the bad debt provision refers to the write-off of old receivables deemed uncollectible.

### Bad debt provision

	Balance at 31.12.2016	Balance at 31.12.2015
Opening balance	1,456	915
Allocations	663	569
Utilisation	(4)	(28)
<b>TOTAL</b>	<b>2,115</b>	<b>1,456</b>

The breakdown of receivables is shown below, by due date, net of invoices/credit notes to be issued for Euro 6,864 and before the bad debt provision of Euro 2,115.

The amount outstanding for over 180 days mostly regards receivables due from the Italian Public Administration for which the appropriate credit collection measures have been taken.

	Due	0-30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
Receivables due from customers	11,429	1,409	350	39	881	4,078	18,186
Bad debt provision						(2,115)	(2,115)
<b>TOTAL</b>	<b>11,429</b>	<b>1,409</b>	<b>350</b>	<b>39</b>	<b>881</b>	<b>1,963</b>	<b>16,071</b>

## Note 9.

### Other assets and receivables

Other assets and receivables at 31 December 2016 amount to Euro 2,944 and break down as follows:

### Other assets and receivables

	Balance at 31.12.2016	Of which business combin s	Balance at 31.12.2015
Advances to suppliers for services	59		101
Receivables due from social security organisations	1,496		1,272
Receivables due from employees	149	7	96
VAT credits and other indirect taxes	401		686
Accrued income and prepaid expenses	966	84	651
Other receivables	330	21	138
<b>TOTAL</b>	<b>3,401</b>	<b>112</b>	<b>2,944</b>

Advances to suppliers refer to payments on account mainly to suppliers of services provided to Group companies.

Receivables due from social security organisations refer to the receivable due to Be Eps for the recovery of costs for welfare support systems and due to Be Consulting for the recovery of social security contributions paid in excess in prior years, Euro 81 thousand of which has been received to date.

Prepaid expenses amount to Euro 866 thousand and include the portions of costs incurred during the period but due in the next period, relating to support and maintenance fees, rents, insurance premiums and lease instalments.

## **Note 10.**

### **Direct tax receivables**

Tax receivables for direct taxes primarily include amounts due from Italian Tax Authorities for IRAP and IRES, as well as other tax receivables due to iBe Ltd.

#### **Direct tax receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Tax receivables	562	816
Other tax receivables	230	84
<b>TOTAL</b>	<b>792</b>	<b>900</b>

## **Note 11.**

### **Financial receivables and other current financial assets**

Financial receivables amounting to Euro 192 thousand refer to receivables of Euro 63 thousand due from factoring companies on assignments made up to 31 December 2016, but settled after that date and receivables of Euro 129 thousand for accrued interest on factoring related to 2017 but paid in 2016.

#### **Financial receivables and other current financial assets**

	Balance at 31.12.2016	Balance at 31.12.2015
Other financial receivables	192	198
<b>TOTAL</b>	<b>192</b>	<b>198</b>

## **Note 12.**

### **Cash and cash equivalents**

The balance represents cash held in current accounts at banks and post offices, and to a residual extent to cash on hand at 31 December 2016.

Note that Be Group has adopted an automatic daily cash pooling system with the banks in order to optimise financial resources at Group level.

### Cash and cash equivalents

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
Bank and post office deposits	33,083	3,971	19,616
Cash on hand	26		10
<b>TOTAL</b>	<b>33,109</b>	<b>3,971</b>	<b>19,626</b>

### **Note 13.**

#### **Shareholders' Equity**

At 31 December 2016, the Parent Company's fully paid-up share capital totalled Euro 27,109 thousand, divided into 134,897,272 ordinary shares.

On 26 April 2016, the Shareholders' Meeting resolved to approve the Financial Statements at 31 December 2015 of Be S.p.A. and to allocate the Euro 2,546,304.73 profit for the year as Euro 1,500,000.00 in gross dividend distribution, amounting to Euro 0.01112 per share (gross of statutory withholding tax), Euro 127,315.24 to the Legal Reserve and the remaining Euro 918,989.49 to the Extraordinary Reserve. The payment date of the dividend was 25 May 2016 on coupon no. 6, with coupon date of 23 May 2016 and record date of 24 May 2016.

Consolidated equity reserves at 31 December 2016 amount to Euro 19,219 thousand and include the following:

- Share Premium Reserve of the Parent Company for Euro 15,168 thousand;
- Legal Reserve of the Parent Company for Euro 376 thousand;
- Other Reserves of the Parent Company for Euro 4,252 thousand;
- IAS Reserves (FTA and IAS 19R) for Euro 73 thousand;
- other negative Consolidation Reserves for Euro 650 thousand.

#### **Stock option plans**

The company has no stock option plans.

#### **Treasury shares**

At 31 December 2016 the company holds no treasury shares.

#### **Minority interests**

Minority interests amount to Euro 486 thousand, compared to Euro 784 thousand at 31 December 2015.

#### **Disclosure on the Group's Minority shareholders (Non-Controlling Interests)**

The following paragraphs contain financial information on companies not fully controlled by the Group, as required by the new standard IFRS 12.

The following amounts are shown prior to consolidation adjustments:

Company	% minority interest	Local		Total assets	Total Shareholders' Equity	Net Revenue	Net profit (loss) for the year	Total dividends distributed
		currency						
R&L AG	45.00%	GBP		2,649	1,568	3,803	352	0
Target Group (including R&L AG)	33.33%	EUR		17,242	5,999	34,244	2,464	333
Be Sport, Media & Entertainment Ltd	25.00%	GBP		531	(508)	73	(236)	0
Be Poland Think, Solve and Execute sp z.o.o	7.00%	PLN		1,209	661	2,335	165	28
Iquii Srl	49.00%	EUR		390	168	1,042	120	0

## Net Financial Position

The net financial position at 31 December 2016 was Euro 1,606 thousand compared to Euro 7,095 thousand at 31 December 2015; the breakdown is shown below.

### Consolidated net financial position

<i>Amounts in EUR thousands</i>		31.12.2016	31.12.2015	Δ	Δ (%)
	Cash and cash equivalents at bank	33,109	19,626	13,483	68.7%
<b>A</b>	<b>Cash and cash equivalents</b>	<b>33,109</b>	<b>19,626</b>	<b>13,483</b>	<b>68.7%</b>
<b>B</b>	<b>Current financial receivables</b>	<b>192</b>	<b>198</b>	<b>(6)</b>	<b>(3.0%)</b>
	Current bank payables	(5,184)	(8,861)	3,677	(41.5%)
	Current share of medium/long-term indebtedness	(14,063)	(8,767)	(5,296)	60.4%
	Other current financial payables	(17)	(5)	(12)	240%
<b>C</b>	<b>Current financial indebtedness</b>	<b>(19,264)</b>	<b>(17,633)</b>	<b>(1,631)</b>	<b>9.2%</b>
<b>D</b>	<b>Current Net Financial Position (A+B+C)</b>	<b>14,037</b>	<b>2,191</b>	<b>11,846</b>	<b>n.a.</b>
	Non-current bank payables	(15,610)	(9,286)	(6,324)	(68.5%)
	Other non-current financial payables	(33)	0	(33)	n.a.
<b>E</b>	<b>Non-current Net Financial Position</b>	<b>(15,643)</b>	<b>(9,286)</b>	<b>(6,357)</b>	<b>(68.1%)</b>
<b>F</b>	<b>Net financial position (D+E)</b>	<b>(1,606)</b>	<b>(7,095)</b>	<b>5,489</b>	<b>(77.4%)</b>

For comments on individual items, please refer to the content of Notes 11 and 12 above and Notes 14 and 15 below.

### Note 14.

#### Financial payables and other non-current financial liabilities

Non-current financial payables of Euro 15,643 thousand refer mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

#### Financial payables and other non-current financial liabilities

	Balance at 31.12.2016	Balance at 31.12.2015
Non-current financial payables	15,643	9,286
<b>TOTAL</b>	<b>15,643</b>	<b>9,286</b>



The medium and long term loans outstanding at 31 December 2016 and relative maturities were as follows:

Bank	Maturity	Balance at 31.12.2016	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Banca Popolare di Milano 1	2,020	4,870	1,386	1,418	1,451	615	0
Banca Popolare di Milano 2	2,019	2,261	997	1,010	254	0	0
Banca Popolare di Milano 3	2,019	467	98	99	100	102	68
Banca Nazionale del Lavoro 1	2,019	2,250	1,000	1,000	250	0	0
Banca Popolare dell'Emilia Romagna	2,018	3,919	981	994	1,008	936	0
Unicredit 1	2,018	6,000	1,168	1,184	1,200	1,216	1,232
Intesa Sanpaolo	2,019	2,292	833	833	625	0	0
Banca Nazionale del Lavoro 2	2,017	529	529	0	0	0	0
Unicredit Factoring	2,017	7,061	7,061	0	0	0	0
Banca Nazionale del Lavoro 3	2,017	10	10	0	0	0	0
<b>TOTAL LOANS</b>		<b>29,659</b>	<b>14,063</b>	<b>6,539</b>	<b>4,889</b>	<b>2,869</b>	<b>1,300</b>

In 2016, new loans were obtained both for extraordinary transactions and to assist the process of restructuring medium and long term debt.

In chronological order:

- in January 2016 a loan agreement was signed with Banca Nazionale del Lavoro for a total of Euro 2,500 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 250 thousand was repaid and the residual debt at 31 December 2016 was Euro 2,250 thousand, Euro 1,250 thousand of which is long-term;
- in March 2016, a loan agreement was signed with Banca Popolare di Milano for a total of Euro 3,000 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 739 thousand was repaid and the residual debt at 31 December 2016 was Euro 2,261 thousand, Euro 1,264 thousand of which is long-term;
- in March 2016, an 18-month, floating rate loan agreement was also signed with Banca Nazionale del Lavoro for Euro 1,000 thousand. During the year, Euro 471 thousand was repaid and the residual amount of the loan at 31 December 2016 was Euro 529 thousand, which will be fully repaid in 2017;
- in August 2016, a loan agreement was signed with Banca Popolare di Milano for a total of Euro 500 thousand, envisaging a 5-year repayment plan and a floating interest rate. During the year, Euro 33 thousand was repaid and the residual debt at 31 December 2016 was Euro 467 thousand, Euro 369 thousand of which is long-term;
- in September 2016, a loan agreement was signed with Banca Intesa for a total of Euro 2,500 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 208 thousand was repaid and the residual debt at 31 December 2016 was therefore Euro 2,292 thousand, Euro 1,458 thousand of which is long-term;
- in November 2016, a loan agreement was signed with Unicredit for a total of Euro 6,000 thousand, in parallel to the settlement of previous loans, with residual amounts of Euro 2,225 thousand for Be S.p.A and Euro 977 thousand for Be Consulting. This new loan envisages a 5-year repayment plan with quarterly instalments and a floating interest rate. The loan will start to be repaid from February 2017 and at 31 December 2016, its long-term component amounted to Euro 4,832 thousand;
- in the same month of November 2016, a loan agreement was signed with Banca Popolare dell'Emilia Romagna for a total of Euro 4,000 thousand, in parallel to the settlement of a previous loan with a residual amount of Euro 1,849 thousand. This new loan has a 4-year repayment plan with monthly instalments and a floating interest rate. During 2016, Euro 81 thousand was repaid and the residual debt at 31 December 2016 was therefore Euro 3,919 thousand, Euro 2,938 thousand of which is long-term;

With regard to existing loans at 31 December 2015, also note that:

- on 14 May 2015 a loan agreement was signed with Banca Popolare di Milano for a total of Euro 7,000 thousand, envisaging a 60-month repayment plan and a floating interest rate, around Euro 5,000 thousand of which being dedicated to refinancing operations (to extinguish other existing loans) and around Euro 2,000 thousand to supporting normal cash flow needs. During 2016, around Euro 1,355 thousand was repaid and the residual debt at 31 December 2016 was Euro 4,870 thousand, Euro 3,484 thousand of which is long-term. With regard to this loan, an IRS contract was set in place in July 2015 to hedge the risk of a rise in interest rates, the fair value of which on the date of the financial statements was a negative Euro 59 thousand;
- with regard instead to the line of credit set in place in 2016, following the signature of the new Gold Agreement, the credit line was reinstated at the initial amount (Euro 13,000 thousand), through the draw-down of 4 tranches for a total of Euro 10,000 thousand. The residual debt at 31 December 2016 was Euro 7,061 thousand (Euro 5,186 thousand at 31 December 2015), following the repayment of around Euro 8,125 thousand.

Lastly, following the acquisition of Iquii, a further loan was acquired originally for a total of around Euro 10 thousand at 31 December 2016, the full settlement of which is envisaged for September 2017, therefore at present all short-term.

Also note that the fair value of the above loans is essentially in line with their book value. Long-term financial payables include the negative impact of the application of the amortising cost and of the derivative of Euro 13 thousand.

As regards 2016, all covenants on the existing loans, illustrated above, were respected. The lending terms represent terms negotiated at different times and which mirror the loan duration, any guarantees given, market conditions and the Group's credit rating at the date of signing.

Note that other payables refers mainly to the long-term share of finance lease contracts.

## **Note 15.**

### **Financial payables and other current financial liabilities**

Current payables to banks at 31 December 2016 totalled around Euro 19,264 thousand and relate mainly to:

- current bank payables of around Euro 5,184 thousand (Euro 8,861 thousand at 31 December 2015), of which:
  - Euro 1,648 thousand in short-term credit facilities classed as “advances to suppliers”;
  - Euro 3,500 thousand in short-term credit facilities granted by Monte dei Paschi di Siena and by Unicredit to the Parent Company of Euro 2,500 and Euro 1,000 thousand, to be settled in a one-off payment in February 2017;
  - Euro 36 thousand relating to interest expense accrued but not yet paid at 31 December 2016.
- around Euro 14,063 thousand as the short-term portion of the medium-long term loans obtained, as per the previous table.

### **Financial payables and other current financial liabilities**

	Balance at 31.12.2016	Balance at 31.12.2015
Current financial payables	19,264	17,633
<b>TOTAL</b>	<b>19,264</b>	<b>17,633</b>

**Note 16.****Post-employment benefits (TFR)**

Post-employment benefits are recognised in compliance with IAS 19 as “Defined benefit plans” and were determined on the basis of an expert actuarial calculation in line with the provisions of international accounting standards. Changes in Post-employment benefits (TFR) regard allocations to provisions made during the year by Group companies, to the portions of TFR paid following the resignation of some employees as well as advances and the adjustment of the Provision in accordance with IAS/IFRS standards.

**Post-employment benefits (TFR)**

	Balance at 31.12.2015	Of which business combinations	Increases - Allocation	Decreases - Utilisation	Balance at 31.12.2016
Post-employment benefits (TFR)	6,146	127	1,102	(1,261)	6,114
<b>TOTAL</b>	<b>6,146</b>	<b>127</b>	<b>1,102</b>	<b>(1,261)</b>	<b>6,114</b>

The actuarial assumptions used for the purposes of the adjustment of the TFR provision according to IAS/IFRS standards are illustrated below.

<b>Main Actuarial Assumptions</b>	
Annual discount rate	1.31%
Annual inflation rate	1.50%
Annual rate increase in post-employment benefits	2.63%
Annual increase in remuneration	1.00%
Frequency of benefit advances/no. of years' service	2.00%
No. of years' service/annual turnover rate: up to 10 years	4.00%
No. of years' service/annual turnover rate: from 10 to 30 years	4.00%
No. of years' service/annual turnover rate: over 30 years	6.00%

The additional information required by IAS 19, as amended\*, is shown below:

- sensitivity analysis:

Company	POST-EMPLOYMENT BENEFITS (TFR)	changes in assumptions					
		turnover rate		inflation rate		discounting rate	
		-1%	-1%	+ 1/4 %	- 1/4 %	+ 1/4 %	- 1/4 %
Be S.p.A.	205	203	206	207	202	200	209
Be Professional S.p.A.	678	674	683	688	669	663	694
Be Consulting S.p.A.	2,261	2,217	2,312	2,329	2,195	2,181	2,345
IQII S.r.l.	25	25	26	27	25	25	27
Be Enterprise S.p.A.	1,761	1,752	1,770	1,784	1,737	1,723	1,799
Be Solutions S.p.A.	768	764	772	779	757	751	786

\* the sensitivity analysis only refers to the Group's Italian companies, as not relevant or applicable to Foreign companies.

- indication of the contribution to the next\* year and the average financial duration of the obligation for defined benefit plans:

Company	Service Cost	Duration of the plan
Be S.P.A.	0	9.5
Be Professional S.p.A.	0	9.9
Be Consulting S.p.A.	839	22.6
IQII S.r.l.	41	23.7
Be Enterprise S.p.A.	0	9.2
Be Solutions S.p.A.	0	9.6

\* The service cost is zero, in application of the approach adopted by the Company with an average of at least 50 employees over the course of 2006.

- The average number of employees in 2016, broken down by category, is illustrated in the following table:

Description	Average number current year	Average number previous year
Executives	96	89
Middle Managers	122	113
White collar	888	841
Blue collar	2	2
Apprentices	15	14
<b>Total</b>	<b>1,123</b>	<b>1,059</b>

## Note 17.

### Deferred tax liabilities

The deferred tax liabilities and related changes during the period are mainly attributable to temporary differences between the book value and the value recognised for tax purposes to goodwill and post-employment benefits.

Specifically, with regard to goodwill, the difference arises - in application of IAS/IFRS - because these assets are not amortised whereas they are tax deductible to the extent of 1/18 per year.

Deferred tax liabilities are calculated using the tax rates in force on 1 January 2017 (IRES 24%, IRAP 3.9%-4.82%). In fact, from 1 January 2017, the IRES tax rate has been set as 24% instead of 27.50%, as established by the 2016 Italian Stability Law (paragraph 61, article 1, Italian Law 208 of 12.12.2015) as already illustrated in Note 6.

#### Deferred tax liabilities

	Balance at 31.12.2015	Increases	Decreases	Other changes	Business combinations	Balance at 31.12.2016
Deferred tax liabilities	4,655	786	(198)	(124)	957	6,074
<b>TOTAL</b>	<b>4,655</b>	<b>786</b>	<b>(198)</b>	<b>(124)</b>	<b>957</b>	<b>6,074</b>

**Note 18.****Other non-current liabilities**

This item includes Euro 5,000 thousand relating to the guarantee deposit received in relation to the “Master Agreement” signed with Unicredit Business Integrated Solution (UBIS), Euro 1,268 thousand to the residual portion of the discounted price for the future acquisition of minority interests in Targit GmbH, Euro 820 thousand as the residual portion of the discounted price for the future acquisition of minority interests in R&L AG, Euro 1,334 thousand relating to the residual portion of the price payable to former shareholders of Loc Consulting Ltd, and Euro 1,143 thousand relating to the residual portion of the discounted price payable to the former shareholders of Iquii S.r.l.

**Other non-current liabilities**

	Balance at 31.12.2016	Balance at 31.12.2015
Other non-current liabilities	10,066	6,878
<b>TOTAL</b>	<b>10,066</b>	<b>6,878</b>

**Note 19.****Provision for current and non-current risks**

At 31 December 2016, provisions for risks and charges refer to the following:

- provisions for pending disputes with employees for Euro 521 thousand, of which Euro 196 thousand relating to the Parent Company, Euro 18 thousand to the subsidiary Be Professional and Euro 50 thousand to the subsidiary Be Consulting. The utilisation of provisions during the period relate to the Parent Company and the subsidiaries Be Professional and Be Solutions, essentially referring to the conclusion of disputes with employees;
- other provisions for risks and charges refer to pending disputes with third parties in proceedings before Judicial Authorities, mostly related to the Parent Company of Euro 451 thousand and to Be Solutions of Euro 150 thousand, in addition to the allocation to provisions of Euro 257 thousand for the possible payment of an emolument to the director of iBe on achievement of the three-year objectives envisaged.

The table below shows the changes that occurred in the period in question:

**Current and non-current provisions**

	Balance at 31.12.2015	Reclassificatio n	Increases	Decreases	Exchange gains/loss es	Balance at 31.12.2016
Provision for risks - penalties	29		3			32
Provision for personnel risks	905		162	(791)	(12)	264
Other provisions for future risks and charges	1,201	(600)	257			858
<b>TOTAL</b>	<b>2,135</b>	<b>(600)</b>	<b>422</b>	<b>(791)</b>	<b>(12)</b>	<b>1,154</b>

The reclassification of Euro 600 thousand relates to provisions for variable emoluments of executive directors to be paid for the achievement of three-year objectives (2014-2016 business plan) which, as due, have been included in other short-term payables.

## **Note 20.**

### **Trade Payables**

Trade payables arise from the purchase of goods or services with payment due within 12 months. These amounts refer essentially to the services and equipment supplied and lease instalments.

#### **Trade payables**

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
Trade payables	12,477	1,518	11,263
<b>TOTAL</b>	<b>12,477</b>	<b>1,518</b>	<b>11,263</b>

## **Note 21.**

### **Tax Payables**

The balance at 31 December 2016 relates to residual tax payables and to the allocation of the portion for 2016 of IRES and IRAP, in addition to the income tax of foreign companies, classified under other tax payables.

#### **Tax Payables**

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
IRES tax payables	55	12	6
IRAP tax payables	18	3	20
Other tax payables	847		406
<b>TOTAL</b>	<b>920</b>	<b>15</b>	<b>432</b>

## **Note 22.**

### **Other liabilities and payables**

Other liabilities and payables totalled Euro 19,584 thousand at 31 December 2016, as shown below:

### Other liabilities and payables

	Balance at 31.12.2016	Of which business combinations	Balance at 31.12.2015
Social security and welfare payables	2,783	4	2,198
Payables to employees	3,593		3,329
Payables for VAT and withholding tax	7,162	25	4,754
Accrued expenses and deferred income	1,912	38	1,988
Other payables	4,134	206	3,069
<b>TOTAL</b>	<b>19,584</b>	<b>273</b>	<b>15,338</b>

Social security and welfare payables amounting to Euro 2,783 thousand relate to contributions payable by the company.

Payables to employees, amounting to Euro 3,593 thousand, include amounts due to employees for additional months' salaries accrued at 31 December 2016 and for leave and permitted absences accrued but not used.

Accrued expenses and deferred income, amounting to Euro 1,912 thousand refer to deferred revenue receivable on invoices collectible in the next reporting period.

Other payables, totalling Euro 4,134 thousand, mainly include advances from customers and payments on account on multi-year contracts, together with outstanding payables on exit incentives already established during the year to the amount due to directors (of which Euro 1,483 thousand refers to the Parent Company). This item also includes Euro 95 thousand relating to the short-term consideration for the acquisition of a minority shareholding in Be Poland to be completed on exercise of the call option, Euro 768 thousand relating to the short-term portion of the residual price for the acquisition of a minority shareholding in Loc Consulting and Euro 104 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in R&L AG.

#### 4. Breakdown of the main items of the Income Statement

##### Note 23.

##### **Operating revenue**

Revenue accrued during the year was from activities, projects and services performed on behalf of Group customers and amounts to Euro 135,648 thousand, compared to Euro 114,273 thousand last year.

The year that has just ended, compared with the previous one, recorded an increase of Euro 21,375 thousand in revenue from sales and services; revenue originating from foreign companies amounted to Euro 56,952 thousand.

Note that the revenue from the top two customers accounts for 59.8% of operating revenue.

For further details on business performance, reference should be made to the “Management Report”.

##### **Operating revenue**

	FY 2016	FY 2015
Operating revenue	135,648	114,273
<b>TOTAL</b>	<b>135,648</b>	<b>114,273</b>

##### Note 24.

##### **Other operating revenue and income**

The Group's Other operating revenue and income totalled Euro 1,077 thousand at 31 December 2016, compared to Euro 1,157 thousand at 31 December 2015.

This item includes ordinary contingent assets, the recovery of costs advanced to customers, insurance reimbursements, invoicing to employees for the use of company cars and other income of a residual nature.

##### **Other operating revenue and income**

	FY 2016	FY 2015
Other operating revenue and income	1,077	1,157
<b>TOTAL</b>	<b>1,077</b>	<b>1,157</b>

##### Note 25.

##### **Cost of raw materials and consumables**

This item includes the costs incurred and related changes for the purchase of consumables such as stationery, paper, toner, etc., and to goods purchased for resale as part of the services provided to customers.



### Cost of raw materials and consumables

	FY 2016	FY 2015
Change in inventories of raw materials and consumables	0	226
Purchase of raw materials and consumables	284	338
<b>TOTAL</b>	<b>284</b>	<b>564</b>

### Note 26.

#### Service costs

Service costs include all costs incurred for services received from professionals and businesses. They also include the fees paid to Directors.

#### Service costs

	FY 2016	FY 2015
Service costs	59,825	48,627
<b>TOTAL</b>	<b>59,825</b>	<b>48,627</b>

Service costs break down as follows:

#### Service costs

	FY 2016	FY 2015
Transport	99	96
Outsourced and consulting services	40,199	30,016
Remuneration of directors and statutory auditors	3,306	1,863
Marketing costs	3,151	3,520
Cleaning, surveillance and other general services	823	768
Maintenance and support services	314	364
Utilities and telephone charges	1,319	1,610
Consulting - administrative services	2,846	1,906
Other services (chargebacks, commissions, etc.)	2,462	3,812
Bank and factoring charges	770	907
Insurance	254	208
Rental and leasing	4,282	3,557
<b>TOTAL</b>	<b>59,825</b>	<b>48,627</b>

Note that outsourced and consulting services include the costs of services received from technical and ICT professionals used by the Group to provide its own services to customers.

Rental and leasing regards the costs incurred by the Group for the use of registered securities and properties it does not own, based on signed lease and rental agreements.

**Note 27.****Personnel costs**

The figure shown represents the total personnel-related cost incurred by the Group in 2016.

Wages and salaries include amounts due to employees for additional months' salaries accrued and for leave and permitted absences accrued but not used.

Social security contributions include all pay-related contributions envisaged by law; Post-employment benefits relate to the provision accrued during the year (in this regard see also Note 16 "Employee benefits (TFR)"), while Other personnel costs include personnel-related costs such as membership fees paid on behalf of employees, indemnities and compensation, fringe benefits disbursed by the company in various forms to certain employee categories and luncheon vouchers.

Other personnel costs include extraordinary restructuring costs of around Euro 2,017 thousand, mainly relating to the ICT sphere.

**Personnel costs**

	FY 2016	FY 2015
Wages and salaries	44,508	38,451
Social security contributions	11,066	10,197
Post-employment benefits	2,840	2,537
Other personnel costs	2,923	979
<b>TOTAL</b>	<b>61,337</b>	<b>52,164</b>

The number of employees at 31 December 2016, broken down by category, is illustrated in the following table:

Description	No. in current period
Executives	99
Middle Managers	123
White collar	845
Blue collar	2
Apprentices	16
<b>Total</b>	<b>1,085</b>

**Note 28.****Other operating costs**

This item includes all costs of a residual nature, other than those recognised under items that have already been commented upon.

Specifically, the item includes contingent liabilities for Euro 505 thousand mainly referring to undeclared contingent assets relating to the current year and other operating expense for Euro 546 thousand referring to membership fees, fines, penalties on services provided and indirect taxes for Euro 437 thousand.

### Other operating costs

	FY 2016	FY 2015
Other operating expense	1,488	1,205
<b>TOTAL</b>	<b>1,488</b>	<b>1,205</b>

### Note 29.

#### Cost of internal work capitalised

Capitalised costs refer to the suspension of costs relating mainly to personnel involved in the development of proprietary software platforms, described in more detail in Note 3.

#### Cost of internal work capitalised

	FY 2016	FY 2015
Cost of internal work capitalised	2,380	2,178
<b>TOTAL</b>	<b>2,380</b>	<b>2,178</b>

### Note 30.

#### Amortisation, depreciation and write-downs

Amortisation and depreciation are calculated according to the deterioration of assets and recognised to a specific provision, reducing the value of the individual assets.

#### Amortisation, depreciation and write-downs

	FY 2016	FY 2015
Depreciation of property, plant and equipment	541	655
Amortisation of intangible assets	5,350	4,681
<b>TOTAL</b>	<b>5,891</b>	<b>5,336</b>

### Note 31.

#### Impairment loss on fixed assets

During the year no impairment losses on fixed assets were incurred, whereas Euro 170 thousand was recorded for the previous year due to adjustment of the value of a software platform resulting from an independent appraisal.

#### Impairment loss on fixed assets

	FY 2016	FY 2015
Impairment loss on fixed assets	0	170
<b>TOTAL</b>	<b>0</b>	<b>170</b>

**Note 32.****Allocations to provisions**

Allocations to provisions for risks mainly concern the Parent Company Be Spa, Be Solutions for disputes with employees, customers and suppliers and iBe for the possible emolument to be paid to the Director.

A more complete description can be found in Notes 8 and 19, and paragraph 5.1.

**Allocations to provisions**

	FY 2016	FY 2015
Allocation to Provision for personnel risks and penalties	166	607
Allocation to Other provisions for future risks and charges	257	300
Allocation to bad debt provision	663	569
<b>TOTAL</b>	<b>1,086</b>	<b>1,476</b>

**Note 33.****Financial income and expense**

Financial income and expense can be broken down as follows:

**Financial income and expense**

	FY 2016	FY 2015
Financial income	15	64
Financial expense	(1,304)	(1,916)
Revaluation (Write-down) of financial assets	0	0
Gains (Losses) on foreign currency transactions	(452)	36
<b>TOTAL</b>	<b>(1,741)</b>	<b>(1,816)</b>

Financial income is represented by bank interest income mainly accrued by foreign companies.

The financial expense includes bank interest expense for advances on invoices and current account overdrafts, factoring transactions and interest expense due on outstanding loans, in addition to the financial component of post-employment benefits measured according to IAS/IFRS.

**Breakdown of financial interest and expense**

	FY 2016	FY 2015
Interest expense on current bank accounts	39	82
Interest expense on factoring and advances on invoices	487	827
Interest expense on loans	498	683
Other financial expense	280	324
<b>TOTAL</b>	<b>1,304</b>	<b>1,916</b>

**Note 34.****Current income taxes, deferred tax assets and liabilities**

Current taxes relating to the year include Euro 567 thousand for IRAP tax and IRES tax plus the income tax for foreign affiliates for a total of Euro 1,724 thousand.

Note that the Parent Company and Italian subsidiaries have jointly adopted the national tax consolidation regime pursuant to Article 117 et seq. of the Consolidated Income Tax Act (TUIR).

**Current income taxes, deferred tax assets and liabilities**

	FY 2016	FY 2015
Current taxes	2,207	1,811
Deferred tax assets and liabilities	679	637
<b>TOTAL</b>	<b>2,886</b>	<b>2,448</b>

As already mentioned, deferred tax assets and liabilities relating to the Group's Italian companies have been measured taking the change in the IRES rate into account, which as of 1 January 2017 will be 24% instead of the current 27.5%.

The table below illustrates the reconciliation of the theoretical tax burden resulting from the consolidated financial statements and the theoretical tax burden.

### Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRES) tax burden

Description	Amount	Taxes
Profit (loss) before tax	7,130	
Consolidation adjustments	6,882	
<b>Aggregated profit (loss) before tax</b>	<b>14,012</b>	
iBe UK	(3,506)	
Be Ukraine	(40)	
Be Poland	(205)	
Targit	(3,815)	
Be SME Ltd	236	
Romania	(272)	
Loc Ltd	(394)	
<b>Total</b>	<b>6,016</b>	
<b>Theoretical tax burden (%)</b>	<b>27.5%</b>	<b>1,654</b>
<i>Temporary differences taxable in future years:</i>		
Amortisation of goodwill	(2,588)	
<b>Temporary differences taxable in future years:</b>	<b>(2,588)</b>	<b>(712)</b>
<i>Temporary differences deductible in future years:</i>		
Services not completed at 31.12.2016	1,284	
Non-deductible allocations	640	
Taxable membership fees not paid	21	
<b>Temporary differences deductible in future years:</b>	<b>1,945</b>	<b>535</b>
<i>Reversal of temporary differences from previous years:</i>		
Services not completed at 31.12.2015	(782)	
Utilisation of provisions for risks	(42)	
Taxes for previous years paid	(19)	
Amortisation of share capital increase expense	(28)	
<b>Reversal of temporary differences from previous years:</b>	<b>(871)</b>	<b>(239)</b>
<i>Differences that will not be reversed in future years</i>		
		0
Wholly or partially non-deductible costs	4,123	
Permanent decreases	(3,798)	
Charges for social schemes	(85)	
Deductible interest expense	(669)	
ACE	(49)	
Use of previous tax losses	(3,060)	
<b>Differences that will not be reversed in future years</b>	<b>(3,538)</b>	<b>(973)</b>
<b>- Taxable income</b>	<b>964</b>	
<b>Current IRES on income for the year</b>		<b>265</b>
<b>Adjustments on previous years' taxes</b>		<b>(112)</b>
<b>TOTAL IRES for the year relating to Italian companies</b>		<b>153</b>
<b>TOTAL income taxes for the year - foreign companies</b>		<b>1,487</b>
<b>TOTAL income taxes - Group</b>		<b>1,640</b>

### Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRAP) tax burden

Description	Amount	Taxes
Operating Profit (Loss) (EBIT)	9,193	
Consolidation adjustments	1,188	
Subsidiaries without IRAP debt	4,462	
<b>Difference between aggregated value and cost of production</b>	<b>14,843</b>	
iBe UK	(330)	
Be SME Ltd	129	
Be Romania	(279)	
Be Ukraine	(66)	
Be Poland	(161)	
Targit	(4,003)	
LOC Ltd	(381)	
Costs not relevant for IRAP purposes	39,361	
Deductible personnel costs	(37,177)	
<b>Total</b>	<b>11,936</b>	
<b>- Theoretical tax burden (%)</b>	<b>4.17%</b>	<b>498</b>
Increases	2,408	
Decreases	(738)	
	<b>1,670</b>	<b>69</b>
<b>- Taxable income for IRAP purposes</b>	<b>13,606</b>	<b>567</b>

### Note 35.

#### Earnings per share

The basic earnings per share is calculated by dividing the profit/loss for the period pertaining to owners of the Parent Company by the average number of ordinary shares outstanding during the period.

The result and disclosures on shares used to calculate the basic negative earnings per share are provided below.

#### Earnings per share

	FY 2016	FY 2015
Profit (loss) from continuing operations pertaining to owners of the Company	4,246	3,455
Profit (loss) from discontinued operations pertaining to owners of the Company	0	0
Profit (loss) attributable to owners of the Parent Company	3,455	3,455
Total no. shares	134,897,272	134,897,272
Average number of treasury shares held	-	-
Average number of ordinary shares outstanding	134,897,272	134,897,272
Basic earnings per share pertaining to owners of the Parent Company	EUR 0.03	EUR 0.03
Diluted earnings per share	EUR 0.03	EUR 0.03

## 5. Other disclosures

### 5.1. Potential liabilities and disputes pending

The “Be” Group is involved in certain legal proceedings before various judicial authorities brought by third parties, and in labour law disputes relating to dismissals challenged by Company employees.

Also on the basis of opinions expressed by its legal advisors, the Group has allocated provisions for risks totalling Euro 1.2 million, considered sufficient to cover liabilities that could arise from these disputes.

#### 5.1.1. Litigation with Group as defendant

The Group is involved in certain legal proceedings before various judicial authorities:

- provisions relating to litigation with employees were supplemented, following utilisation of the provision during the year. These provisions cover appeals against redundancy and transfers brought in previous months;
- other disputes: with regard to the Bassilichi Group (formerly Saped Servizi S.p.A.), with relation to which a trade receivable due to the group is being disputed, at this stage of proceedings, there are reasonable grounds that the arguments submitted by Be S.p.A. will be accepted, while no developments can be reported as regards the dispute for the AIPA dossier. During the year, the Group made a further allocation to provisions of Euro 330 thousand against disputes underway with Vitrociset and KS.

### 5.2. Non-recurring income and charges

In the year under analysis, Be Group recognised non-recurring charges pursuant to Consob Resolution no. 15519 of 27 July 2006. The non-recurring charges refer to non-recurring costs incurred for leaving incentives.

### 5.3. Related Party Transactions

The Company’s Board of Directors adopted new “Regulations on Related Parties” on 1 March 2014, replacing those previously approved on 12 March 2010. For further details, this document is published on the Company web site ([www.be-tse.it](http://www.be-tse.it)).

The Be Group's related parties with which economic and equity transactions were recognised at 31 December 2016 are: T.I.P. Tamburi Investment Partners S.p.A. and IR Top S.r.l.

With regard to the Intesa Sanpaolo Group, note that in the second quarter of 2016 Imi Investimenti sold its Be S.p.A. shares on the market, lowering its percentage interest to below the significant threshold of 5%. Consequently, from the second quarter of 2016, the Intesa Sanpaolo Group was no longer qualified as a “related party” of Be, pursuant to the regulations on related party transactions adopted by Consob with Resolution no. 17221 of 12 March 2010, as amended, and the related procedure adopted by Be in compliance with the provisions of said Consob Regulation.

With regard to Messrs Stefano Achermann and Carlo Achermann and the companies controlled by them - Carma Consulting S.r.l., iFuture S.r.l. and Innishboffin S.r.l. - the economic transactions that took place in the period refer only to fees paid for the positions of Company Director of Group companies and, like remuneration for other members of the Board of Directors and Board of Statutory Auditors, are not included in the following tables.

In this regard, please refer to the content of the table entitled “Fees due to directors and statutory auditors of Be S.p.A.” in the Separate Financial Statements of the Parent Company.



The following tables illustrate the Group's costs and revenue, payables and receivables due to/from related parties:

#### Receivables and payables with related parties at 31 December 2016

	<u>Receivables</u>			<u>Payables</u>		
	Trade and other receivables	Other Receivables	Financial receivables	Trade and other payables	Other payables	Financial payables
<b>Related Parties</b>						
IR Top				20		
T.I.P. S.p.A.	6			37		
<b>Total Related Parties</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>57</b>	<b>0</b>	<b>0</b>

#### Receivables and payables with related parties at 31 December 2015

	<u>Receivables</u>			<u>Payables</u>		
	Trade and other receivables	Other Receivables	Financial receivables	Trade and other payables	Other payables	Financial payables
<b>Related Parties</b>						
IR Top				40		
T.I.P. S.p.A.				55		
Intesa Sanpaolo Group	1,355	3	1,372	69		3,487
<b>Total Related Parties</b>	<b>1,355</b>	<b>3</b>	<b>1,372</b>	<b>164</b>	<b>0</b>	<b>3,487</b>

#### Revenue and costs with related parties in 2016

	<u>Revenue</u>			<u>Costs</u>		
	Revenue	Other revenue	Financial income	Services	Other costs	Financial expense
<b>Related Parties</b>						
IR Top				49		
T.I.P. S.p.A.	5			60		
S. Achermann				38		
<b>Total Related Parties</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>147</b>	<b>0</b>	<b>0</b>

#### Revenue and costs with related parties in 2015

	<u>Revenue</u>			<u>Costs</u>		
	Revenue	Other revenue	Financial income	Services	Other costs	Financial expense
<b>Related Parties</b>						
IR Top				104		
T.I.P. S.p.A.				73		
S. Achermann				40		
Intesa Sanpaolo Group	15,652		2	419	29	188
<b>Total Related Parties</b>	<b>15,652</b>	<b>0</b>	<b>2</b>	<b>637</b>	<b>29</b>	<b>188</b>

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the impact of related party transactions is illustrated below in table format:

### Relevance of related party transactions

<i>STATEMENT OF FINANCIAL POSITION</i>	<b>31.12.2016</b>	<b>Absolute value</b>	<b>%</b>	<b>31.12.2015</b>	<b>Absolute value</b>	<b>%</b>
Trade receivables	22,935	6	0%	21,354	1,355	6%
Other assets and receivables	3,401	0	0%	2,944	3	0%
Cash and cash equivalents	33,109	0	0%	19,626	1,372	7%
Financial payables and other liabilities	64,557	0	0%	49,135	3,487	7%
Trade payables	12,477	57	0%	11,263	164	1%
<i>INCOME STATEMENT</i>	<b>2016</b>	<b>Absolute value</b>	<b>%</b>	<b>2015</b>	<b>Absolute value</b>	<b>%</b>
Operating revenue	135,648	5	0%	114,273	15,652	14%
Service and other costs	61,313	147	0%	49,832	666	1%
Net financial expense	1,741	0	0%	1,816	186	10%

The consolidated statement of financial position and statement of comprehensive income indicating the related parties, in accordance with Consob Resolution no. 15519 of 27 July 2006, is provided below.

## Consolidated Statement of Financial Position

<i>Amounts in EUR thousands</i>	31.12.2016	Of which related parties	31.12.2015	Of which related parties
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	1,968		1,277	
Goodwill	55,645		53,353	
Intangible assets	17,678		16,795	
Equity investments in other companies	300		0	
Loans and other non-current assets	1,179		1,260	
Deferred tax assets	5,118		5,232	
<b>Total non-current assets</b>	<b>81,888</b>		<b>77,917</b>	
<b>CURRENT ASSETS</b>				
Inventories	39		39	
Trade receivables	22,935	6	21,354	1,355
Other assets and receivables	3,401		2,944	
Direct tax receivables	792		900	
Financial receivables and other current financial assets	192		198	3
Cash and cash equivalents	33,109		19,626	1,372
<b>Total current assets</b>	<b>60,468</b>	<b>6</b>	<b>45,061</b>	<b>2,730</b>
<b>Total discontinued operations</b>	<b>0</b>		<b>0</b>	
<b>TOTAL ASSETS</b>	<b>142,356</b>	<b>6</b>	<b>122,978</b>	<b>2,730</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	27,109		27,109	
Reserves	19,219		17,864	
Net profit (loss) attributable to owners of the Parent Company	4,246		3,455	
<b>Group Shareholders' equity</b>	<b>50,574</b>		<b>48,428</b>	
<b>Minority interests:</b>				
Capital and reserves	165		437	
Net profit (loss) attributable to minority interests	321		347	
<b>Minority interests</b>	<b>486</b>		<b>784</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>51,060</b>		<b>49,212</b>	<b>0</b>
<b>NON-CURRENT LIABILITIES</b>				
Financial payables and other non-current financial liabilities	15,643		9,286	
Provisions for risks	1,122		2,106	
Post-employment benefits (TFR)	6,114		6,146	
Deferred tax liabilities	6,074		4,655	
Other non-current liabilities	10,066		6,878	
<b>Total Non-current liabilities</b>	<b>39,019</b>		<b>29,071</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>				
Financial payables and other current financial liabilities	19,264		17,633	3,487
Trade payables	12,477	57	11,263	164
Provision for current risks	32		29	
Tax payables	920		432	
Other liabilities and payables	19,584		15,338	
<b>Total Current liabilities</b>	<b>52,277</b>	<b>57</b>	<b>44,695</b>	<b>3,651</b>
<b>Total discontinued operations</b>	<b>0</b>		<b>0</b>	
<b>TOTAL LIABILITIES</b>	<b>91,296</b>	<b>57</b>	<b>73,766</b>	<b>3,651</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>142,356</b>	<b>57</b>	<b>122,978</b>	<b>3,651</b>

## Consolidated Income Statement

<i>Amounts in EUR thousands</i>	FY 2016	Of which related parties	Of which non- recurring income (charges)	FY 2015	Of which related parties	Of which non- recurring income (charges)
Operating revenue	135,648	5		114,273	15,652	
Other operating revenue and income	1,077			1,157		
<b>Total Revenue</b>	<b>136,725</b>			<b>115,430</b>	<b>15,652</b>	
Raw materials and consumables	(284)			(564)		
Service costs	(59,825)	(147)		(48,627)	(637)	
Personnel costs	(61,337)		(2,017)	(52,164)		(155)
Other operating costs	(1,488)			(1,205)	(29)	
Cost of internal work capitalised	2,380			2,178		
<i>Amortisation, depreciation and write-downs:</i>						
Depreciation of property, plant and equipment	(541)			(655)		
Amortisation of intangible assets	(5,350)			(4,681)		
Impairment loss on fixed assets	0			(170)		(170)
Allocations to provisions	(1,086)			(1,476)		
<b>Total Operating costs</b>	<b>(127,531)</b>	<b>(147)</b>	<b>(2,017)</b>	<b>(107,364)</b>	<b>(666)</b>	<b>(325)</b>
<b>Operating Profit (Loss) (EBIT)</b>	<b>9,194</b>	<b>(142)</b>	<b>(2,017)</b>	<b>8,066</b>	<b>(666)</b>	<b>(325)</b>
Financial income	15			100	2	
Financial expense	(1,756)			(1,916)	(188)	
<b>Total Financial income/expense</b>	<b>(1,741)</b>			<b>(1,816)</b>	<b>(186)</b>	<b>(325)</b>
<b>Profit (loss) before tax</b>	<b>7,453</b>	<b>(142)</b>	<b>(2,017)</b>	<b>6,250</b>	<b>14,800</b>	<b>(325)</b>
Current income taxes	(2,207)			(1,811)		
Deferred tax assets and liabilities	(679)			(637)		
<b>Total Income taxes</b>	<b>(2,886)</b>	<b>0</b>		<b>(2,448)</b>	<b>0</b>	<b>0</b>
<b>Net profit (loss) from continuing operations</b>	<b>4,567</b>	<b>(142)</b>		<b>3,802</b>	<b>14,800</b>	<b>(325)</b>
<b>Net profit (loss) from discontinued operations</b>	<b>0</b>			<b>0</b>		
<b>Net profit (loss)</b>	<b>4,567</b>	<b>(142)</b>	<b>(2,017)</b>	<b>3,802</b>	<b>14,800</b>	<b>(325)</b>
<b>Net profit (loss) attributable to minority interests</b>	<b>321</b>			<b>347</b>		
<b>Net profit (loss) attributable to owners of the Parent Company</b>	<b>4,246</b>			<b>3,455</b>		

## Consolidated Statement of Cash Flows

<i>Amounts in EUR thousands</i>	2016	of which related parties	2015	of which related parties
Net profit (loss)	4,567		3,802	
Amortisation, depreciation and write-downs	5,891		5,506	
Non-monetary changes in post-employment benefits (TFR)	923		866	
Net financial expense in the income statement	1,872	0	1,816	186
Taxes for the year	2,207		1,811	
Deferred tax assets and liabilities	544		637	
Losses on current assets and provisions	1,086		1,476	
Increase in internal work capitalised	(2,380)		(2,178)	
Other non-monetary changes	14		(60)	
Exchange rate conversion differences	1,020		(192)	
<b>Cash flow from operating activities</b>	<b>15,744</b>		<b>13,484</b>	
Change in inventories	3		226	
Change in trade receivables	417	1,349	(2,469)	(166)
Change in trade payables	(304)	(107)	2,846	37
Use of bad debt provisions	(2,067)		(696)	
Other changes in current assets and liabilities	1,114		(1,612)	
Taxes for the year paid	(231)		(1,793)	
Post-employment benefits paid	(1,214)		(743)	
Other changes in non-current assets and liabilities	(188)		4,506	(1,734)
<b>Change in net working capital</b>	<b>(2,470)</b>		<b>265</b>	
<b>Cash flow from (used in) operating activities</b>	<b>13,274</b>		<b>13,749</b>	
(Purchase) of property, plant and equipment net of disposals	(1,219)		(592)	
(Purchase) of intangible assets net of disposals	(160)		(216)	
Cash flow from business combinations net of cash acquired	(2,283)		(350)	
(Purchase)/sale of equity investments and securities	(300)		0	
<b>Cash flow from (used in) investing activities</b>	<b>(3,962)</b>		<b>(1,158)</b>	
Change in current financial assets	6	3	205	(3)
Change in current financial liabilities	1,620	(3,487)	3,447	1,485
Change in non-current financial assets	0		1	
Financial expense paid	(1,730)		(1,851)	(166)
Change in non-current financial liabilities	6,357		(2,383)	(2,813)
Cash paid for purchase of share pertaining to third parties	(220)		(5)	
Distribution of dividends paid to Group shareholders	(1,500)		(750)	
Distribution of dividends paid to minority interests	(362)		(150)	
<b>Cash flow from (used in) financing activities</b>	<b>4,171</b>		<b>(1,486)</b>	
<b>Cash flow from (used in) discontinued operations</b>	<b>0</b>		<b>0</b>	
<b>Cash and cash equivalents</b>	<b>13,483</b>		<b>11,105</b>	
Net cash and cash equivalents - opening balance	19,626	1,372	8,521	1,787
Net cash and cash equivalents - closing balance	33,109		19,626	1,372
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,483</b>		<b>11,105</b>	

#### 5.4. Management of financial risk: objectives and criteria

The Company's main financial instruments, other than derivatives, include bank loans, finance leases and rental agreements with a purchase option, demand and short-term bank deposits. The main objective of these instruments is to fund the operations of the Company and of the Group. The Company and the Group have various financial instruments, such as trade payables and receivables, resulting from its operations.

The Company and the Group have not performed any transactions in derivatives, unless to hedge interest rate risk.

- **Exchange rate risk**

The Company and the Group are exposed to the risk of fluctuations in the following exchange rates: Euro/GBP, Euro/UAH, Euro/PLN, Euro/RON and Euro/CHF, with regard to consolidation of the economic and equity amounts of iBe Solve Execute Ltd, Be Sport, Media & Entertainment Ltd, Be Ukraine Think, Solve, Execute S.A., Be Poland Think, Solve, Execute Sp.zo.o., Be Think Solve Execute RO and the Targit Group.

The potential positive or negative impact related to short-term credit/debt exposure in foreign currency, resulting from the fluctuation of the exchange rate as a consequence of a hypothetical and immediate change in exchange rates of +/- 10%, is summarised in the following table:

Currency	-10%	-10%
Polish Zloty (PLN)	(46)	56
Ukrainian Hryvnia (UAH)	(27)	33
Romanian Leu (RON)	(48)	59
British Pound (GBP)	82	(100)
Swiss Franc (CHF)	(23)	28
<b>Total</b>	<b>(62)</b>	<b>76</b>

Following a hypothetical increase of all exchange rates of ten percent, the overall impact would be a negative Euro 62 thousand, against a positive impact of Euro 76 thousand if the rates fell by the same percentage.

In view of the events associated with the United Kingdom's process of exiting from the European Union ("Brexit"), the Group could be exposed to potential risks, at present not quantifiable or foreseeable, linked amongst other things to a write-down of its assets held in GBP. Management has implemented appropriate monitoring activities in order to react quickly to any negative effects.

- **Risk of change in price of raw materials**

The Company and the Group are not exposed to the risk of fluctuations in raw materials prices.

- **Credit risk**

Credit risk represents the Group's exposure to potential losses resulting from the failure of the counterparty to fulfil its commercial and financial obligations.

Given the nature of its customers (mainly banks and the public administration), credit risk mainly relates to delays in collecting receivables from Public Administration customers and to

any disputes (see Note 8 and paragraph 5.1). In this regard, the Company and the Group carefully consider the use of all instruments, including any legal action, to ensure the prompt collection of receivables from Public Administration customers.

Note that, as mentioned in Note 23, the revenue from the top two customers accounts for 59.8% of operating revenue. The maximum theoretical exposure to credit risk for the group at 31 December 2016 is represented by the book value of the financial assets taken from the condensed financial statements.

The Group has ongoing transactions to free up trade receivables without recourse.

- **Interest rate risk**

As the Company has loans in Euro at a floating interest rate, it does not believe that its exposure to any rise in interest rates may increase future financial expense. A swap contract has been drawn up to hedge interest rate risk on an unsecured loan obtained of Euro 7 million, for a duration of 5 years. The tables included in the sections on current and non-current financial payables show the book value, by maturity, of the Company's and Group's financial instruments that are exposed to interest rate risk.

A hypothetical sudden and unfavourable 1% change in the interest rate, even considering the hedge in place, applicable to existing loans at 31 December 2016 would result in a pre-tax expense of Euro 187 thousand for the year.

- **Liquidity risk**

Liquidity risk is defined as the possibility that the Group is not able to maintain its payment commitments, due to the inability to raise new funds, or to be forced to incur very high costs to meet its commitments. Be Group's exposure to this risk is represented above all by the loan agreements in place. At present, it has short and medium/long-term loans with banking financial counterparties. In addition, in the event of need, the Group may arrange other short-term bank loans. For details of the features of current and non-current financial liabilities, see Notes 14 and 15 "Financial liabilities". The two main factors that determine the group's liquidity situation are on one hand, the resources generated or absorbed by operating and investing activities, and on the other the maturity and renewal characteristics of the payable or of the liquidity of the financial loans and market conditions. From an operating perspective, the Group manages liquidity risk by monitoring cash flows, obtaining adequate credit lines and maintaining an adequate level of available resources. The management of operating cash flows, of the main loan transactions and of the company's liquidity is centralised and performed by the Group's treasury companies, with the objective of guaranteeing the effective and efficient management of the financial resources. The maturity characteristics of financial payables are illustrated in Notes 14 and 15, while with regard to trade payables, the amount due within the following year is shown on the financial statements.

Management retains that the funds currently available, in addition to those that will be generated by operating and funding activities, including therein the current funds available on credit lines, will enable the Group to meet its requirements relating to investment, the management of working capital and the repayment of debts when the same are due, and will assure an appropriate level of operating and strategic flexibility.

## 5.5. Positions deriving from atypical or unusual transactions

In 2016, the Group did not undertake any atypical or unusual transactions as defined in Consob Communication DEM/6064293.

## 5.6. Fees due to the independent auditors Deloitte&Touche S.p.A. and to their network pursuant to art. 149-duodecies of the Issuers' Regulation

The fees due to the independent auditors in 2016 totalled Euro 212 thousand (Euro 192 thousand last year). The independent auditors did not carry out any activities other than auditing the financial statements.

## 6. Events after the reporting period at 31 December 2016

In February, Be expanded its portfolio of services and its presence in Germany through the acquisition of 60% of the share capital of FIMAS GmbH, “consulting boutique” based in Frankfurt, which specialises in consulting and IT services for asset managers, Stock Exchanges, CSD, clearing houses and custodian banks. The acquisition of FIMAS was concluded through Targit GmbH, a subsidiary company that already operates in Germany. The purchase price for 60% of the share capital was set as Euro 1.24 million. The agreement envisages an option to acquire the remaining 40% in two later stages: 30% by May 2021 and 10% by May 2024. This acquisition enables Be to accelerate its penetration of the German market in the Frankfurt area, by leveraging the vertical specialisations of FIMAS in the European Stock Exchange segment, following the regulatory changes and the impacts resulting from Brexit.

Also in February, Be acquired 60% of Paystrat, a consulting company based in Madrid, which specialises in advisory services for operators in the payments industry, in areas such as digital wallets, loyalty and market intelligence. The acquisition of Paystrat was concluded through Be Consulting S.p.A., Be Group company that specialises in business consulting.

The purchase price for 60% of share capital was set at Euro 180,000; the agreement envisages an option to acquire the remaining 40% in two later stages: 20% by 2021 and 10% by 2025. This acquisition has enabled Be to strengthen its operations in the Iberian peninsula, by expanding the offer of payment services in Spain and Portugal, markets with high growth potential. The acquisition represents another step forward in Be's growth strategy to achieve European leadership in payment and advisory services.

In view of the positive results recorded by the Group in 2016, it is reasonable to confirm the 2017 growth forecast for revenue and profit and, in more general terms, the new targets for 2017-2019 already announced to the market on 15 September 2016.

**Milan, 14 March 2017.**

*/signed/ Stefano Achermann*  
For the Board of Directors  
Chief Executive Officer



## **Certification of 2016 Consolidated Financial Statements pursuant to art. 81-ter, Consob Regulation no. 11971 of 14 May 1999, as amended**

1. Having considered the provisions of art. 154-bis, paragraphs 3 and 4, Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Stefano Achermann as Chief Executive Officer and Manuela Mascarini as Executive in charge of preparing the company's accounting documents of “Be Think, Solve, Execute S.p.A.”, or “Be S.p.A.”, hereby confirm:
  - the adequacy in relation to the business characteristics, and
  - the effective application of administrative accounting procedures to prepare the consolidated financial statements in 2016.
  
2. It is also confirmed that:
  - 2.1. the consolidated financial statements:
    - a) were prepared in compliance with international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council dated 19 July 2002;
    - b) correspond with the accounting entries and records;
    - c) provide a true and fair view of the equity, economic and financial position of the issuer and its consolidated companies;
  
  - 2.2. the management report contains a reliable analysis of references to significant events occurring in the financial year and their impact on the results of operations, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

**Milan, 14 March 2017.**

/signed/ Manuela Mascarini

Executive in charge of preparing  
the company's accounting documents

*Manuela Mascarini*

/signed/ Stefano Achermann

Chief Executive Officer

*Stefano Achermann*

## RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DEGLI ARTT. 14 E 16 DEL D. LGS. 27 GENNAIO 2010, N. 39

**Agli Azionisti della  
Be Think, Solve, Execute S.p.A.**

### **Relazione sul bilancio consolidato**

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2016, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

#### *Responsabilità degli Amministratori per il bilancio consolidato*

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

#### *Responsabilità della società di revisione*

E' nostra la responsabilità di esprimere un giudizio sul bilancio consolidato sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11 del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio consolidato non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio consolidato. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio consolidato dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio consolidato dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli Amministratori, nonché la valutazione della presentazione del bilancio consolidato nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

#### *Giudizio*

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo Be Think, Solve, Execute al 31 dicembre 2016, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

## **Relazione su altre disposizioni di legge e regolamentari**

*Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio consolidato*

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n.720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. 58/98, la cui responsabilità compete agli Amministratori della Be Think, Solve, Execute S.p.A., con il bilancio consolidato del Gruppo Be Think, Solve, Execute al 31 dicembre 2016. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo Be Think, Solve, Execute al 31 dicembre 2016.

DELOITTE & TOUCHE S.p.A.



**Stefano Marnati**  
Socio

Milano, 31 marzo 2017



# **Parent Company Financial Statements**

*At 31 December 2016*

Registered office:  
Viale dell'Esperanto 71 - Rome  
Share capital:  
€ 27,109,164.85, fully paid up  
Rome Register of Companies  
Tax code and VAT number 01483450209

## Statement of Financial Position

<i>Amounts in EUR</i>	<i>Notes</i>	<b>31.12.2016</b>	<b>31.12.2015</b>
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	1	8,444	27,135
Goodwill	2	10,170,000	10,170,000
Intangible assets	3	0	3,566
Equity investments in subsidiaries	4	39,081,250	38,561,250
Loans and other non-current assets	5	556,222	556,222
Deferred tax assets	6	4,253,725	4,385,606
<b>Total non-current assets</b>		<b>54,069,641</b>	<b>53,703,779</b>
<i>CURRENT ASSETS</i>			
Trade receivables	7	2,663,316	1,626,091
Other assets and receivables	8	10,408,221	8,090,737
Direct tax receivables	9	131,488	0
Financial receivables and other current financial assets	10	22,839,338	25,552,045
Cash and cash equivalents	11	25,229,473	14,024,222
<b>Total current assets</b>		<b>61,271,836</b>	<b>49,293,094</b>
<b>Total discontinued operations</b>		<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>115,341,477</b>	<b>102,996,873</b>
<i>SHAREHOLDERS' EQUITY</i>			
Share capital		27,109,165	27,109,165
Reserves		19,732,441	18,689,202
Net profit (loss)		257,349	2,546,305
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>47,098,955</b>	<b>48,344,672</b>
<i>NON-CURRENT LIABILITIES</i>			
Financial payables and other non-current financial liabilities	13	15,609,592	8,404,496
Provisions for future risks and charges	14	646,672	1,795,194
Post-employment benefits (TFR)	15	204,517	161,157
Deferred tax liabilities	16	2,745,725	2,444,107
Other non-current liabilities	17	5,556,222	5,556,222
<b>Total Non-current liabilities</b>		<b>24,762,729</b>	<b>18,361,175</b>
<i>CURRENT LIABILITIES</i>			
Financial payables and other current financial liabilities	18	36,452,185	31,564,842
Trade payables	19	1,128,740	926,770
Tax payables	20	0	6,398
Other liabilities and payables	21	5,898,869	3,793,015
<b>Total Current liabilities</b>		<b>43,479,793</b>	<b>36,291,026</b>
<b>Total discontinued operations</b>		<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>68,242,522</b>	<b>54,652,201</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>115,341,477</b>	<b>102,996,873</b>

*The effects of related party transactions on the statement of financial position in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific statement of financial position in note 5.4.*

## Income Statement

<i>Amounts in EUR</i>	<i>Notes</i>	<b>FY 2016</b>	<b>FY 2015</b>
Operating revenue	22	4,343,608	3,927,000
Other operating revenue and income	23	532,829	715,024
<b>Total Operating revenue</b>		<b>4,876,436</b>	<b>4,642,024</b>
Raw materials and consumables	24	(3,280)	(2,162)
Service costs	25	(4,845,236)	(3,763,625)
Personnel costs	26	(2,866,620)	(2,453,684)
Other operating costs	27	(398,870)	(141,322)
<i>Amortisation, depreciation and write-downs:</i>			
Depreciation of property, plant and equipment	28	(19,159)	(24,283)
Amortisation of intangible assets	28	(3,566)	(23,166)
Impairment loss on current assets	29	(140,000)	0
Allocations to provisions	29	0	(800,000)
<b>Total Operating costs</b>		<b>(8,276,730)</b>	<b>(7,208,242)</b>
<b>Operating Profit (Loss) (EBIT)</b>		<b>(3,400,293)</b>	<b>(2,566,217)</b>
Financial income	30	4,270,699	4,517,365
Financial expense	30	(518,340)	(696,872)
Write-down of financial assets	30	(1,200,000)	0
<b>Total Financial income/expense</b>		<b>2,552,359</b>	<b>3,820,494</b>
<b>Profit (loss) before tax</b>		<b>(847,934)</b>	<b>1,254,276</b>
Current income taxes	31	1,540,177	1,819,398
Deferred tax assets and liabilities	31	(434,894)	(527,370)
<b>Total Income taxes</b>		<b>1,105,283</b>	<b>1,292,029</b>
<b>Net profit (loss) from continuing operations</b>		<b>257,349</b>	<b>2,546,305</b>
<b>Net profit (loss) from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Net profit (loss)</b>		<b>257,349</b>	<b>2,546,305</b>

The effects of related party transactions on the income statement in accordance with Consob Resolution no. 15519 of 27 July 2006 are illustrated in a specific income statement in paragraph 5.4.

## Statement of Comprehensive Income

<i>Amounts in EUR</i>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Net profit (loss)</b>	<b>257,349</b>	<b>2,546,305</b>
<i>Items not subject to reclassification in the income statement</i>		
Actuarial gains (losses) on employee benefits	(9,256)	2,937
Tax effect on actuarial gains (losses)	2,545	(808)
<i>Items subject to reclassification in the income statement when certain conditions are met</i>		
Gains (losses) on cash flow hedges	3,645	997
Gains (losses) on the restatement (fair value) of available-for-sale financial assets		
<b>Other items of comprehensive income</b>	<b>(3,066)</b>	<b>3,126</b>
<b>Net comprehensive profit (loss)</b>	<b>254,283</b>	<b>2,549,431</b>

## Statement of Cash Flows

<i>Amounts in EUR</i>	<b>FY 2016</b>	<b>FY 2015</b>
Net profit (loss)	257,349	2,546,305
Amortisation, depreciation and write-downs	22,725	47,449
Non-monetary changes in post-employment benefits (TFR)	45,905	36,722
Net financial expense in the income statement	(3,752,359)	(3,820,494)
Taxes for the year	(1,540,177)	(1,819,398)
Deferred tax assets and liabilities	434,894	527,370
Losses on current assets and provisions	1,340,000	800,000
Other non-monetary changes	3,645	997
<b>Cash flow from operating activities</b>	<b>(3,188,018)</b>	<b>(1,681,049)</b>
Change in trade receivables	(1,177,225)	2,501,110
Change in trade payables	201,970	(584,454)
Use of bad debt provisions	(1,148,522)	(33,426)
Other changes in current assets and liabilities	1,190,662	(359,674)
Taxes for the year paid	0	(306,022)
Post-employment benefits paid	0	0
Other changes in non-current assets and liabilities	(10,651)	4,997,846
<b>Change in net working capital</b>	<b>(943,766)</b>	<b>6,215,380</b>
<b>Cash flow from (used in) operating activities</b>	<b>(4,131,784)</b>	<b>4,534,331</b>
(Purchase) of property, plant and equipment net of disposals	(468)	(1,100)
(Purchase) of intangible assets net of disposals	0	0
Cash paid to purchase equity investments	0	0
<b>Cash flow from (used in) investing activities</b>	<b>(468)</b>	<b>(1,100)</b>
Change in current financial assets	2,712,707	(8,014,075)
Change in current financial liabilities	7,696,003	13,044,282
Change in non-current financial liabilities	7,205,096	2,936,194
Financial expense paid	(556,303)	(748,341)
Distribution of dividends paid to Company shareholders	(1,500,000)	(750,000)
Cash paid to purchase equity investment	(220,000)	
<b>Cash flow from (used in) financing activities</b>	<b>15,337,503</b>	<b>6,468,060</b>
<b>Cash flow from (used in) discontinued operations</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents</b>	<b>11,205,251</b>	<b>11,001,291</b>
Net cash and cash equivalents - opening balance	14,024,222	3,022,931
Net cash and cash equivalents - closing balance	25,229,473	14,024,222
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,205,251</b>	<b>11,001,291</b>

*In accordance with Consob Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Statement of cash flows are illustrated in a specific Statement of Cash Flow in paragraph 5.4.*

## Statement of Changes in Shareholders' Equity

<i>Amounts in EUR</i>	Share capital	Legal Reserve	Share Premium reserve	Extraordinary reserve	Other reserves	Profit (loss) for the year	Shareholders' Equity
<b>SHAREHOLDERS' EQUITY AT 31.12.2014</b>	27,109,165	139,776	15,168,147	2,655,744	(714,947)	2,187,355	46,545,240
Net profit (loss)						2,546,305	2,546,305
Other items of comprehensive income					3,126		3,126
<b>Net comprehensive profit (loss)</b>					<b>3,126</b>	<b>2,546,305</b>	<b>2,549,431</b>
Allocation of prior year profit (loss)		109,368		1,327,987		(1,437,355)	0
Dividend distribution						(750,000)	(750,000)
<b>SHAREHOLDERS' EQUITY AT 31.12.2015</b>	27,109,165	249,144	15,168,147	3,983,731	(711,820)	2,546,305	48,344,672
Net profit (loss)						257,349	257,349
Other items of comprehensive income					(3,066)		(3,066)
<b>Net comprehensive profit (loss)</b>					<b>(3,066)</b>	<b>257,349</b>	<b>254,283</b>
Allocation of prior year profit (loss)		127,315		918,990		(1,046,305)	0
Dividend distribution						(1,500,000)	(1,500,000)
<b>SHAREHOLDERS' EQUITY AT 31.12.2016</b>	27,109,165	376,459	15,168,147	4,902,721	(714,886)	257,349	47,098,955



## Notes to the financial statements

### 1. Corporate information

Be Think, Solve, Execute S.p.A. (Be S.p.A. for short), the Parent Company, is a joint-stock company established in 1987 in Mantua.

The registered office is in Viale dell'Esperanto 71 in Rome.

Be S.p.A., listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and coordination of operating, strategic and financial decisions of the subsidiaries and through management and control of reporting flows in readiness for preparation of the annual and interim accounting documents.

The financial statements of Be S.p.A. for the year ending 31 December 2016 were approved for publication by the Board of Directors on 14 March 2017. Be S.p.A. has also drawn up the Consolidated Financial Statements for Be Group at 31 December 2016.

### 2. Measurement criteria and accounting standards

#### 2.1 Presentation criteria

The financial statements of Be S.p.A. at 31 December 2016 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with provisions issued in implementation of art. 9 of Italian Legislative Decree 38/2005. The above standards are integrated with IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations. The financial statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the relative notes to the financial statements.

The Company presents a statement of comprehensive income by classifying individual components based on their nature. This format complies with the management reporting method adopted by the company and is therefore considered more representative than a presentation by item allocation, providing more reliable and more significant indications for the business sector concerned. With reference to the statement of financial position, a presentation format has been adopted that divides assets and liabilities into current and non-current, as permitted by IAS 1.

The statement of cash flows indicates cash flows during the year and classified as operating, investing or financing activities. Cash flows from operating activities are recognised using the indirect method.

The statement of changes in shareholders' equity was prepared in compliance with IAS 1.

As regards segment reporting, the company does not fall within the scope of application of IFRS 8. The Financial Statements are presented in Euro, the amounts in the notes to the financial statements are presented in Euro unless otherwise indicated, therefore, there could be differences in the amounts shown in the tables below due to rounding.

In preparing these financial statements, the directors used going concern assumptions and therefore prepared the statements on the basis of standards and criteria applying to fully operative companies.

For further information on this aspect, please refer to note 2.3.

## 2.2 Discretionary measurements and significant accounting estimates

Preparation of the financial statements and related notes in application of IFRS requires that management perform discretionary measurements and accounting estimates that have an effect on the value of statement of financial position assets and liabilities and on financial statement disclosures. The final results could differ from such estimates. The estimates are used to measure goodwill, to recognise credit risk provisions, to determine write-downs on investments or assets, determine amortisation and depreciation and to calculate taxes and provisions for risks and charges. Also note that the directors have exercised their discretion in assessing the prerequisites for going concern assumptions. The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

### *Uncertainty of estimates*

When applying accounting standards, the Directors have taken decisions based on certain key assumptions regarding the future and other important sources of uncertainty in estimates at the end date of the financial statements, which could lead to adjustments to the book values of assets and liabilities. Intangible assets, equity investments and goodwill represent a significant share of the Company's assets. More specifically, goodwill is tested for impairment at least once a year; said testing entails estimating the value in use of the cash flow generating units to which the goodwill pertains, in turn based on an estimation of the expected cash flows of the units and on their discounting based on an adequate discount rate; the assumptions made to determine the value in use of the individual cash flow generating units, to support said asset values, may not necessarily be fulfilled and may lead to adjustments of book values in the future.

The 2017-2019 Plan was prepared by the Directors for the purpose of Impairment testing, approved by the Board of Directors' Meeting held on 20 February 2017 (hereinafter 2017-2019 Plan), on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. The forecasts represent the best estimate of future events that management expects to arise and of action that management intends to take. These were estimated on the basis of final figures, orders already received or sales to be made to established customers, as such presenting a lower degree of uncertainty and therefore a higher probability of actually occurring.

Vice versa, the assumptions relate to future events and action, fully or partly independent to management action; they are therefore characterised by a greater degree of chance, and in the case in hand mainly relate to the expected growth in the three-year period of new products and services of the ITC Solutions business line, as well as the expected growth of the Consulting business line.

Consequently, the Directors acknowledge that the strategic objectives identified in the 2017-2019 Business Plan, though reasonable, present profiles of uncertainty due to the chance nature of future events occurring and the characteristics of the reference market, and also as regards the occurrence of events represented in the plan and their extent and timing.

Any failure to implement said initiatives could result in lower economic results with consequent negative effects on the Company's and Group's income statement and statement of financial position and on whether the future cash flows on which the estimated value in use to support the recoverability of goodwill and of equity investments recorded under assets is based, amongst other things, can be achieved.

## 2.3 Disclosure on going concern assumptions

With reference to the information on risks, on financial indebtedness and to the 2017-2019 Business Plan, illustrated in specific chapters of the Management Report, as well as to the paragraph above on “uncertainty of estimates”, the paragraphs below provide information on going concern assumptions.

### 2017-2019 Plan

The 2017-2019 Plan was prepared on the basis of forecasts and assumptions inherent to future trends in operations and the reference market. Though reasonable, these do show profiles of uncertainty due to the questionable nature of future events and the characteristics of the market in which the Group operates. With reference to the content of the paragraph entitled “Events after 31 December 2016 and business outlook” in the Management Report, the directors consider going concern assumptions to be appropriate in preparing the Financial Statements of the Parent Company, as no uncertainties have emerged associated with events or circumstances which, taken individually or as a whole, could give rise to doubts about the company as a going concern.

### Changes in medium-term credit facilities

In 2016, the company repaid the envisaged instalments of existing loans. For additional information, refer to note 13.

## 2.4 Accounting principles

The accounting principles adopted in these Financial Statements are in line with those adopted last year, with the exception of any effects resulting from the application of new accounting standards, detailed below.

### 2.4.1. Intangible assets

Intangible assets acquired separately are recognised at cost, while those acquired through business combination transactions are recognised at fair value on the date of acquisition. After initial recognition, intangible assets are recognised at cost, net of any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is classified as finite or indefinite. Intangible assets with a finite useful life are amortised for the period of the same and tested for impairment whenever there is evidence of possible impairment. The period and the amortisation method applied to the same is reviewed at the end of each year or more frequently, if retained necessary. Changes in the expected useful life or in the way in which the future economic benefits related to the intangible asset are consumed by the company are recognised by changing the period or the amortisation method, as needed, and are treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful life are recognised in the income statement under the specific item amortisation of intangible assets.

The useful life generally attributed to the various categories of asset is the following:

- concessions, licences and trademarks, the shorter between the duration of the right or 5 years.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The gains or the losses resulting from the sale of an intangible asset are measured as the difference between the net sales income and the book value of the asset and are recognised in the income statement at the time of sale.

## 2.4.2. Goodwill

Goodwill acquired through a business combination is represented by the surplus cost of the business combination with respect to the pertinent share of equity measured at present values relating to the amounts of the identifiable assets, liabilities and potential liabilities acquired. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. The recoverability of goodwill is assessed at least once a year or more frequently if events or changes occur that could lead to any impairment loss.

Goodwill resulting from acquisitions made prior to the date of transition to IFRS standards is maintained at the values resulting from the application of Italian accounting principles at said date and is tested for impairment annually.

To assess recoverability, the goodwill acquired through business combinations is allocated, from the acquisition date, to each of the cash flow generating units (or groups of units) that are retained to benefit from the synergies resulting from the acquisition, regardless of the allocation of other assets or liabilities acquired. Each unit or group of units to which goodwill is allocated:

- represents the lowest level within the company at which goodwill is monitored for internal management purposes;
- is not higher than an operating segment as defined by IFRS 8 “Operating segments”.

Impairment losses are determined by establishing the recoverable amount of the cash flow generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the cash flow generating unit (or group of units) is lower than the book value, an impairment loss is recognised.

In cases in which the goodwill is allocated to a cash flow generating unit (or group of units) whose assets are partially disposed of, the goodwill associated to the asset sold is considered when establishing any gain or loss resulting from the transaction. In these circumstances, the goodwill transferred is measured on the basis of the values relating to the asset disposed of with respect to the asset still held with relation to the same unit.

At the time of disposal of a part or of an entire business previously acquired and whose acquisition gave rise to goodwill, when establishing the gains or losses on disposal, the corresponding residual value of the goodwill is taken into consideration.

## 2.4.3. Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly attributable accessory costs and financial charges and needed to bring it to the working condition for which the asset was purchased, plus, when relevant and in the presence of present obligations, the present value of the cost estimated to dismantle and remove the asset.

When significant parts of these tangible assets have different useful lives, these components are depreciated separately.

The rates of depreciation used are as follows:

### Rates of depreciation

Description of asset	Depreciation rate
<b>Other assets:</b>	
Office furniture and machines	12%
Electronic office machines	20%
Passenger cars	25%

The book value of property, plant and equipment is tested to reveal any impairment losses, when events or changes in situations indicate that the book value cannot be recovered. If there is evidence of this nature and in the event in which the book value exceeds the estimated recoverable amount, the assets are written down to reflect their recoverable amount. The recoverable amount of property, plant and equipment is represented by the higher between the net sale price and the value in use.

When establishing the value in use, the expected future cash flows are discounted using a pre-tax discount rate which reflects the present market estimate of the cost of money with relation to the time and to the specific risks of the asset. For assets that do not generate fully independent cash flows, the recoverable amount is established in relation to the cash flow generating unit to which said asset belongs. Impairment losses are booked to the income statement under costs for amortisation, depreciation and write-downs. These impairment losses are reversed in the event in which the reasons that generated them should cease to exist.

At the time of sale or when the expected future benefits from the use of an asset no longer exist, it is derecognised from the financial statements and any gain or loss (calculated as the difference between the sale value and the book value) is booked to the income statement in the year of said derecognition. The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each year. The costs of any significant inspections are recognised in the book value of the plant or equipment as a replacement cost if recognition criteria are met.

#### 2.4.4. Impairment loss on assets

On the closing date of the annual financial statements, the Company assesses the existence of impairment losses on assets. In said case, or in cases in which annual impairment testing is required, Be S.p.A. estimates the recoverable amount. The recoverable amount is the higher between the fair value of an asset or cash flow generating unit net of sale costs, and its value in use, and is established by individual asset, unless said asset generates cash flows which are fully independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable amount, said asset has suffered an impairment loss and is consequently written down to its recoverable amount.

When establishing the value in use, estimated future cash flows are discounted from the present value at a discount rate which reflects market valuations on the temporary value of money and the specific risks of the asset. The impairment losses suffered by continuing operations are booked to the income statement under Write-down of financial assets.

On the closing date of the annual financial statements, the Company also assesses whether the impairment loss previously recognised is still valid (or should be reduced) and a new recoverable amount is estimated. The value of an asset previously written down (with the exception of goodwill) may be restated only if there are changes in the estimates used to establish the recoverable amount of the asset after the last recognition of an impairment loss. In this case, the book value of the asset is brought to its recoverable amount, although the increased value must not exceed the book value that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in previous years. Each reversal is recognised as income on the income statement, unless the asset is recognised at a revalued amount, the case in which the reversal is treated as a revaluation. After an impairment loss has been reversed, the amortisation or depreciation charges of the asset are adjusted in future periods, in order to share the changed book value, net of any residual value, on a straight-line basis over the remaining useful life.

#### **2.4.5. Equity investments in subsidiaries**

Equity investments in subsidiaries are measured at cost, adjusted to take impairment losses into account following the appropriate tests.

The original cost is restored if the reasons for the impairment cease to exist in future years. The purchase cost also includes any accessory charges.

#### **2.4.6. Financial assets**

IAS 39 envisages the following types of financial instruments: 1) financial assets at fair value through profit or loss; 2) loans and receivables; 3) held-to-maturity investments; 4) available-for-sale financial assets.

Initially, all financial assets are recognised at their fair value, increased, in the case of assets other than those measured at fair value through profit or loss, by accessory charges. The Company establishes the classification of its financial assets after initial recognition and, where adequate and permitted, reviews said classification at the end of each financial year.

All purchases and sales of financial assets are recognised at the settlement date, namely at the date on which the Company commits to purchasing the asset. Standard purchases and sales mean all purchase and sale transactions of financial assets that envisage the delivery of the asset in the period generally envisaged by the regulations and practices of the market in which the exchange is made.

##### *Financial assets at fair value through profit or loss*

This category includes financial assets held for trading, namely all assets acquired to be sold in the short term.

Derivatives are classified as financial assets held for trading unless they are designated as effective hedging instruments. Gains or losses on assets held for trading are booked to the income statement.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. These assets are recognised at amortised cost using the effective discounting method.

The gains or losses are booked to the income statement when the loans or receivables are derecognised from the accounts or when impairment losses emerge, in addition to through the amortisation process.

#### *Held-to-maturity investments*

Financial assets that are not derivative instruments and are characterised by fixed or determinable payments or maturities are classified as “held-to-maturity investments” when the company intends and is able to maintain them in the portfolio until they mature. The financial assets that the company decided to hold in the portfolio for an indefinite period of time do not fall into this category. Other long-term held-to-maturity financial investments, such as bonds, are then measured at amortised cost. This cost is calculated as the value initially recognised less the repayment of the principal amount, plus or minus the amortisation accumulated using the effective interest rate of each and any difference between the value initially recognised and the amount on maturity.

This calculation includes all of the commissions or points exchanged between the parties, which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains or losses are booked to the income statement when the investment is derecognised from the accounts or when impairment losses emerge, in addition to through the amortisation process.

#### *Available-for-sale assets*

Available-for-sale financial assets are those financial assets, excluding derivative instruments, which have been designated as such or are not classified in any of the other three previous categories. After initial recognition at cost, available-for-sale financial assets are measured at fair value and the gains or losses are recognised under a separate item of shareholders’ equity until such time as they are derecognised from the accounts or until it has been ascertained that they have suffered an impairment loss; the gains or losses accumulated up until that time under shareholders’ equity are then booked to the income statement.

In the case of securities widely traded on regulated markets, the fair value is determined with reference to the stock market price recorded at the end of trading on the closing date of the financial year. For investments for which no active market exists, the fair value is determined using measurement techniques based on recent transaction prices between independent parties; the present market value of a substantially similar instrument; the analysis of discounted cash flows; pricing models of options.

### **2.4.7. Trade receivables**

Trade receivables are recognised at their fair value, identified from the face value and subsequently reduced by any impairment losses. Trade receivables which are not due within standard trading terms and which do not generate interest, are discounted.

### **2.4.8. Cash and cash equivalents**

Cash and cash equivalents include cash and demand and short-term deposits, in the latter case whose original maturity is three months or less, and are recognised at their face value.

#### **2.4.9. Treasury shares**

Treasury shares that are repurchased are deducted from shareholders' equity. The purchase, sale, issue or cancellation of instruments representing share capital do not generate the recognition of any gain or loss in the income statement.

#### **2.4.10. Employee benefits**

Short-term employee benefits, namely due within twelve months of the end of the year in which the employee has worked, are recorded as a cost and as a liability for an amount corresponding to the non-discounted amount that should be paid to the employees for his service. Instead, long-term benefits, such as those to be paid beyond twelve months from the end of the year in which the employee worked, are recognised as a liability for an amount corresponding to the current value of the benefits on the date of the financial statements.

Post-employment benefits reflect the amount accrued in favour of employees, in accordance with the law in force and collective labour agreements. The liabilities relating to defined benefit plans, net of any assets serving the plan, are determined on the basis of actuarial assumptions and are recognised on an accrual basis in accordance with the work performed required to obtain the benefits; these liabilities are measured by independent actuaries. From 1 January 2007, the nature of Provisions for post-employment benefits changed from "defined benefit plans" to "defined contribution plans". For IAS purposes, Provisions for post-employment benefits accrued at 31 December 2006 continue to be considered a defined benefit plan. The accounting treatment of the amounts maturing from 1 January 2007 is therefore similar to that existing for payments of other types of contribution, both in the case of the supplementary pension plan option, and in the case in which it is paid into the Treasury Fund held by INPS.

As regards the liabilities relating to the defined benefit plan, IAS 19 envisages that all of the actuarial profits and losses accrued at the date of the financial statements should be immediately recognised in the "Statement of Comprehensive Income" (Other Comprehensive Income, hereafter OCI).

#### **2.4.11. Provisions for risks and charges**

Provisions for risks and charges regard costs and charges of a specific nature, whose existence is certain or likely, for which at the closing date of the reference period, the amount or contingency date has not been established. Provisions are recognised in the presence of a present obligation (legal or implicit) which originates from a past event, when an outlay of resources to meet the obligation is likely, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at a value that represents the best estimate of the amount that the company should pay to extinguish the obligation or to transfer it to third parties on the closing date of the period.

If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the present market valuation of the cost of money with relation to time. When the discounting is performed, the increase of the provision due to the passing of time is recognised as a financial charge.



#### **2.4.12. Trade and other payables**

Trade payables and other payables are initially recognised at cost, namely at the fair value of the amount paid during the course of the transaction. Subsequently, payables that have a fixed due date are measured at amortised cost, using the effective interest rate method, while payables without a fixed due date are measured at cost.

Short-term payables, for which the accrual of interest has not been agreed, are measured at their original value. The fair value of long-term payables has been established by discounting future cash flows: the discount is recognised as a financial charge over the term of the payable until due.

#### **2.4.13. Financial liabilities**

Financial liabilities are represented by financial payables and by financial liabilities related to derivative instruments. Financial liabilities other than derivative financial instruments, are initially recognised at fair value plus the costs of the transaction; subsequently they are measured at amortised cost, namely at the initial value, net of repayments of principal amounts already made, adjusted (up or down) on the basis of amortisation (using the effective interest rate method) by any differences between the initial value and the value when due.

#### **2.4.14. Leases**

Finance leases, which substantially transfer all of the risks and benefits relating to the ownership of the leased asset to the company, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of instalments.

Instalments are split on a pro rata basis between a principal amount and an interest amount in order to apply a constant interest rate to the residual balance of the debt.

Financial expense is booked directly to the income statement.

Capitalised leased assets are amortised or depreciated over the shortest timeframe between the estimated useful life of the asset and the length of the lease agreement, if there is no reasonable certainty that the company will obtain ownership of the asset at the end of the agreement.

Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the agreement.

#### **2.4.15. Revenue**

Revenue is recognised to the extent to which it is likely that the economic benefits will be consumed by the company and the relative amount can be reliably determined. The following specific recognition criteria must be applied to revenue before it may be booked to the income statement:

- Provision of services: the revenue generated by the provision of services is recognised in the income statement when the service is performed.
- In cases in which extensions are granted to the customer not at normal market conditions, without accruing interest, the amount that will be collected is discounted. The difference between the present value and the amount collected represents financial income and is recorded on an accrual basis.

- Interest: is recognised as financial income when the applicable interest income has been established (calculated using the effective interest method which is the rate that exactly discounts the expected future cash flows based on the expected life of the financial instrument at the net book value of the financial asset).
- Dividends: are recognised when the right of shareholders to receive payment arises.

#### 2.4.16. Costs of goods and services

In accordance with the accrual principle, the above costs contribute to reducing economic benefits, and take the form of cash outflows or the reduction of the value of an asset or the incurrence of a liability.

#### 2.4.17. Current and deferred taxes

Deferred tax assets and liabilities are calculated on the temporary differences arising on the date of the financial statements between the tax amounts taken as reference for assets and liabilities and the amounts shown in the financial statements.

Deferred tax liabilities are recognised against all taxable temporary differences, with the exception of:

- when the deferred tax liabilities originate from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, if the reversal of the temporary differences may be checked and it is likely that it will arise in the foreseeable future.

Deferred tax assets are recognised against all deductible temporary differences to the extent that the existence of adequate future tax income is likely, which can render the use of the deductible temporary differences applicable, with the exception of the case in which:

- the deferred tax assets related to the deductible temporary differences originate from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of said transaction, does not impact the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with regard to taxable temporary differences associated to equity investments in subsidiaries, associates or joint ventures, the deferred tax assets are recognised only to the extent to which it is likely that the deductible temporary differences will be paid again in the future or there is adequate taxable income against which the temporary differences may be used. The likelihood of recovering deferred tax assets is assessed with reference, in particular, to taxable income expected in subsequent years and to the tax strategies that the Group intends to adopt (for example, tax consolidation agreements).

The value of deferred tax assets to be reported in the financial statements is reviewed on the closing date of the financial statements.

Deferred tax assets that are not recognised are reviewed annually on the closing date of the financial statements.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied to the year in which the assets are realised or the liabilities are extinguished, on

the basis of rates that will be issued or substantially issued on the date of the financial statements. In this regard, with reference to the Group's Italian companies, note that art. 1, paragraph 61 of 2016 Italian Stability Law has established that, effective for tax years subsequent to that ending 31 December 2016 (and therefore from 1 January 2017), the rate of IRES will be 24% instead of the current 27.5%. Therefore the tax rates to be applied to the calculation of deferred tax assets and liabilities have been accordingly adjusted.

Income taxes relating to items recognised directly under shareholders' equity are booked to shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and said deferred taxes are enforceable vis-à-vis the tax authority in question.

Be Think, Project & Plan S.p.A (hereinafter "Be S.p.A"), the consolidating Parent Company, has a tax consolidation option for the three-year period 2014-2016 with the subsidiary Be Consulting Think, Project & Plan S.p.A. (hereinafter "Be Consulting"); for the three-year period 2015-2017 with the following subsidiaries: Be Solutions Solve, Realize & Control S.p.A. (hereinafter "Be Solutions"), Be Enterprise, Process Solutions S.p.A. (hereinafter "Be Eps"); for the three-year period 2016-2018 with Be Professional Services S.p.A (hereinafter "Be Professional") and with A&B S.p.A in liquidation.

Note that, Italian Legislative Decree no. 147 dated 14 September 2015 (so-called Internationalisation decree) introduced the regime of the so-called "branch exemption", namely the option of exempting the income (and the losses) of permanent foreign organisations, who are therefore taxed exclusively in the Country in which the permanent organisation is located. Therefore, iBe Think Solve Execute Ltd-Italian Branch also chose this option.

Economic, equity and financial transactions resulting from the application of tax consolidation are regulated by a "tax consolidation contract" which disciplines the legal relationships resulting from the national tax consolidation scheme.

On the basis of this agreement, against taxable income recorded and transferred to the Parent Company, the Subsidiary undertakes to recognise "tax adjustments" corresponding to the sum of the relative taxes due on the income transferred.

The payment of these "tax adjustments" is made, firstly by offsetting the tax credit transferred to the Parent Company, and for the remainder to the extent and within the term provided by law envisaged for the payment of the balance and of the advances relating to the income transferred. The "tax adjustments" relating to advances will be paid to the Parent Company by the Subsidiary, within the legal terms envisaged for the payment of the same, only for those actually paid and proportional to the income transferred with respect to the sum of the individual taxable incomes transferred to the Parent Company.

The Subsidiary also undertakes to transfer any tax credits or tax losses to the Parent Company.

#### **2.4.18. Foreign currency translation**

The currency adopted for the financial statements is the Euro. Transactions in currencies other than the Euro are initially recognised at the exchange rate in force (against the functional currency) on the date of the transaction. Monetary assets and liabilities, denominated in currencies other than the Euro, are reconverted into the functional currency in force on the closing date of the financial statements. All exchange rate differences are recognised in the income statement. Non-monetary items measured at historical cost in

currencies other than the Euro are converted by the exchange rates in force on the date of initial recognition of the transaction. Non-monetary items measured at fair value in currencies other than the Euro are converted by the exchange rates in force on the date said value was determined.

#### **2.4.19. Derecognition of financial assets and liabilities**

##### *Financial assets*

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive cash flows from the asset cease;
- the company retains the right to receive cash flows from the asset, but has undertaken a contractual obligation to pay them in their entirety and without delay to a third party;
- the company has transferred the right to receive cash flows from the asset and (a) has substantially transferred all of the risks and benefits of the ownership of the financial assets, or (b) has not substantially transferred, nor retained all of the risks and benefits of the asset, but has transferred the control of the same.

In cases in which the company has transferred the rights to receive cash flows from an asset and has not transferred or substantially retained all of the risks and benefits or has not lost control of the same, the asset is recognised in the financial statements of the company to the extent of its residual involvement in said asset. Residual involvement may take the form of a guarantee on the asset transferred, and in this case it is measured at the lower between the initial book value of the asset and the maximum value of the amount that the company could be bound to pay. During the year, the company did not transfer any loans or receivables.

##### *Financial liabilities*

A financial liability is derecognised from the financial statements when the obligation underlying the liability ceases, is cancelled or is fulfilled.

In cases in which an existing financial liability is replaced by another from the same lender, at substantially different conditions, or the conditions of an existing liability are substantially changed, said replacement or change is treated as the derecognition of the original liability and the recognition of a new liability, with any differences between the book values recorded in the income statement.

#### **2.4.20. Impairment loss on financial assets**

On each closing date of the financial statements, the company assesses whether a financial asset or a group of financial assets have suffered any impairment loss.

##### *Assets measured at amortised cost*

If there is objective evidence that a loan or receivable recognised at amortised cost has suffered an impairment loss, the amount of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows (excluding future losses on receivables not yet incurred) discounted at the original effective interest rate of the financial asset (namely at the effective interest rate calculated on the initial recognition date). The book value of the asset will be reduced both directly, and by the use of a provision. The amount of the loss is booked to the income statement.

The company first assesses the existence of objective evidence of impairment loss at individual level, for financial assets that are significant individually, and then at individual or

collective level for the financial assets that are not. In the absence of objective evidence of impairment loss assessed individually, whether significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is impairment tested collectively. Assets assessed at individual level for which an impairment loss is found or continues to be found, are not included in a collective assessment.

If, in a subsequent year, the entity of the impairment loss decreases and said reduction may be objectively attributed to an event that occurred after the recognition of the impairment loss, the value previously reduced may be recovered. Any subsequent value recoveries are recognised in the income statement, to the extent to which the book value of the asset does not exceed the amortised cost at the date of the recovery.

#### *Financial assets recognised at cost*

If there is objective evidence of impairment loss of an unlisted instrument representing equity, which is not recognised at fair value, because its fair value cannot be reliably measured, or of a derivative instrument which is related to said equity instrument and must be settled through the delivery of said instrument, the amount of the impairment loss is measured as the difference between the book value of the asset and the present value of expected future cash flows and is discounted at the current market rate of return for a similar financial asset.

#### *Available-for-sale financial assets*

In the event of an impairment loss of an available-for-sale financial asset, a value corresponding to the difference between the cost of the asset (net of the repayment of the principal and of amortisation) and its present fair value is transferred from shareholders' equity to the income statement, net of any impairment losses previously recognised on the income statement. Value recoveries relating to equity instruments classified as available for sale are not recognised on the income statement. Value recoveries related to debt instruments are recognised in the income statement if the increase in the fair value of the instrument may be objectively attributed to an event that occurred after the loss was recognised in the income statement.

#### *Assets held for sale and liabilities associated to assets held for sale*

Non-current assets (or groups of assets and liabilities) are classified as held for sale if they are available to be immediately sold in their present state, subject to the standard conditions of sale for that type of asset, and that the sale is highly likely.

These assets are measured:

- at the lower between the book value and the fair value, net of selling costs, recognising any impairment losses on the income statement, unless part of a business combination transaction, otherwise
- at the fair value, net of selling costs (without the option of recognising write-downs at the time of initial recognition), if part of a business combination transaction.
- In any event, the amortisation process is interrupted at the time of classification of the asset, as held for sale.

Assets and liabilities directly related to a group of assets held for sale are classified separately on the statement of financial position, (under “assets and liabilities held for disposal”) as are the pertinent reserves of accumulated profits or losses, directly booked to shareholders' equity. The net profit (loss) of the transactions sold and held for disposal is indicated in a separate item on the income statement.

#### 2.4.21. Derivative financial instruments

If the company uses derivative financial instruments, such as currency forward contracts and interest rate swaps to hedge risks relating mostly to fluctuations in interest rates, these instruments are initially recognised at fair value at the date on which they were stipulated; subsequently, said fair value is periodically re-measured.

They are recognised as assets when the fair value is positive and as liabilities when it is negative.

Any profits or losses resulting from changes in the fair value of derivatives not suitable for hedge accounting are directly booked to the income statement for the year.

The fair value of the interest rate swaps is determined with reference to the market value of similar instruments.

At 31 December 2016, the Company had a hedge swap in place after entering into a loan agreement with a term of five years, at a floating rate of interest.

#### 2.4.22. Dividends

Dividends are recognised when the right of shareholders to receive payment arises, which usually coincides with the date of the Annual Shareholders' Meeting which approves the distribution of the dividend.

### 2.5 IFRS accounting standards, amendments and interpretations applicable from 1 January 2016

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2016, and adopted by the Company for the first time, i.e.:

- On 21 November 2013, the IASB published amendments to IAS 19 “**Defined Benefit Plans: Employee Contributions**”, which propose to include contributions (relating only to the service provided by the employee over the year) made by employees or by third parties in defined benefit plans to reduce the service cost of the year in which said contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is retained that said contributions are to be considered as part of a post-employment benefit, rather than a short-term benefit and, therefore, that said contribution should be spread over the years of service of the employee.

**The adoption of these amendments has had no effect on the Company's Financial Statements.**

- On 12 December 2013, the document entitled “**Annual Improvements to IFRSs: 2010-2012 Cycle**” was published, which includes amendments to certain standards. The main changes regard:
  - IFRS 2 Share-based Payment – Definition of vesting condition. Changes have been made to the definitions of “vesting condition” and “market condition” and further definitions of “performance condition” and “service condition” have been added (previously included in the definition of “vesting condition”);
  - IFRS 3 Business Combinations - Accounting for contingent consideration. The change clarifies that a variable price component (contingent consideration) within a business combination classified as a financial asset or liability (unlike that envisaged for that

classified as an equity instrument) must be re-measured at fair value at each accounting period closing date and the fair value changes must be recognised in the income statement or under components of the statement of comprehensive income in accordance with the requirements of IAS 39 (or IFRS 9);

- IFRS 8 Operating Segments – Aggregation of operating segments. The changes require an entity to provide disclosure on assessments made by management in application of criteria for the aggregation of operating segments, including a description of the operating segments aggregated and of the economic indicators considered when deciding whether said operating segments had similar economic characteristics and therefore permit the aggregation;
- IFRS 8 Operating Segments – Reconciliation of the total of the reportable segments' assets to the entity's assets. The changes clarify that the reconciliation of total assets of operating segments and the total assets as a whole of the entity must be presented only if the total assets of the operating segments are regularly reviewed by the highest decision-making level of the entity;
- IFRS 13 Fair Value Measurement – Short-term receivables and payables. The Basis for Conclusions for this standard have been amended with a view to clarifying that with the issue of IFRS 13, and the consequent changes to IAS 39 and IFRS 9, current trade receivables and payables can still be recognised in the accounts without recognising the effect of discounting, if the same is immaterial;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortisation. The changes have eliminated inconsistencies in the recognition of accumulated depreciation/amortisation when a tangible or intangible asset is revalued. The changes clarify that the gross book value must be consistent with the revaluation of the book value of the asset and that accumulated depreciation/amortisation corresponds to the difference between the gross book value and the book value (also net of impairment losses recorded);
- IAS 24 Related Party Disclosures – Key management personnel. The change clarifies that if the services of executives with strategic responsibilities are provided by an entity (and not by a physical person), said entity is to be considered a related party in any event.

The changes are to be applied at the latest from years that start on 1 February 2015 or later.

**The adoption of these amendments has had no effect on the Company's Financial Statements.**

- On 6 May 2014, the IASB issued several amendments to **IFRS 11 Joint Arrangements - Accounting for acquisitions of interests in joint operations** regarding the recognition of the acquisition of a stake in a joint operation, whose activity is considered a business according to IFRS 3. The amendments require that the principles established by IFRS 3 are applied to these cases, with regard to the recognition of the effects of a business combination. The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Company's Financial Statements.**

- On 30 June 2014, the IASB issued a number of amendments to **IAS 16 Property, Plant and Equipment** and to **IAS 41 Agriculture – Bearer Plants**. The amendments require that bearer plants, namely fruit trees that give rise to annual harvests (e.g. vines, hazelnut plants) have to be recorded in the accounts according to the requirements of IAS 16 (rather than IAS 41). This means that these assets must be measured at cost rather than fair value, net of selling costs (although the use of the revaluation method proposed by IAS 16 is permitted). The changes proposed are limited to trees used to produce seasonal fruit and not to be sold as living plants or subject to a harvest as agricultural products. These trees will be included in the scope of IAS 16

also during the organic ripening phase, namely until such time as they are no longer able to generate agricultural products.

The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Company's Financial Statements.**

- On 12 May 2014 the IASB issued a number of amendments to **IAS 16 Property, Plant and Equipment** and to **IAS 38 Intangible Assets – “Clarification of acceptable methods of depreciation and amortisation”**. The amendments to IAS 16 establish that depreciation criteria established on the basis of revenue are not appropriate, insofar as, according to the amendment, the revenue generated by an initiative, which includes the use of an asset subject to depreciation, generally reflects factors other than just the consumption of the economic benefits of said asset, which instead is required for depreciation. The changes to IAS 38 introduce a relative assumption, according to which amortisation criteria based on revenue is usually considered inappropriate for the same reasons established by the changes made to IAS 16. In the case of intangible assets, this assumption may also be superseded, but only in limited and specific circumstances.

The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Company's Financial Statements.**

- On 25 September 2014, the IASB published a document entitled “**Annual Improvements to IFRSs: 2012-2014 Cycle**”. The changes introduced by the document must be applied from years which start on 1 January 2016 or later.  
The document introduces changes to the following standards:
  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The change to the standard introduces specific guidelines for the standard in the case in which an entity reclassifies an asset (or a disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classifying an asset as held-for-distribution are no longer met. The changes establish that (i) for said reclassifications, the same classification and measurement criteria continue to be valid; (ii) assets that no longer meet the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset that ceases to be classified as held-for-sale;
  - IFRS 7 – Financial Instruments: Disclosure. The changes regulate the introduction of further guidelines to clarify whether a servicing arrangement represents continuing involvement in an asset transferred for the purpose of disclosure with relation to the transferred assets. Furthermore, it is clarified that the disclosure of financial assets and liabilities is not usually expressly required for interim financial statements, except in cases where the disclosure is considered significant;
  - IAS 19 – Employee Benefits. The document introduces changes to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits should be in the same currency as that used to pay the benefits. The changes specify that the scale of the high quality corporate bonds market to be considered is that of currency and not of the country of the reporting entity;
  - IAS 34 – Interim Financial Reporting. The document introduces changes in order to clarify the requirements to be met in the case in which the disclosure requested is included in the interim financial report, but not in the interim financial statements. The amendment specifies that this disclosure is to be included by means of a cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to readers of the financial statements in the same way and with the same timing of the interim financial statements.



**The adoption of these amendments has had no effect on the Company's Financial Statements.**

- On 18 December 2014, the IASB issued an amendment to **IAS 1 – Disclosure Initiative**. The objective of the changes is to provide clarifications on elements of disclosure that may be perceived as preventing the clear and intelligible preparation of the financial statements. The following changes have been made:
  - Materiality and aggregation: clarifies that an entity should not obscure information by aggregating or disaggregating information and that materiality considerations apply to the financial statement schedules, notes and any specific disclosure requirements in IFRS. The document specifies that disclosures requested specifically by IFRS must be provided if the information is material;
  - Statement of financial position and statement of comprehensive income: clarifies that the list of items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Guidelines have also been provided on the presentation of subtotals in these statements;
  - Presentation of items of Other Comprehensive Income (“OCI”): clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to the income statement;
  - Notes: clarifies that entities have flexibility when designing the structure of the notes and provides guidelines on how to determine a systematic order of the notes, for example:
    - i. by giving significance to those that are more relevant to the understanding of the financial position (e.g. by grouping information on specific assets);
    - ii. by grouping items measured using the same criteria (e.g. assets measured at fair value);
    - iii. by following the order of the items presented in the statements.

The changes introduced by the document must be applied from years which start on 1 January 2016 or later.

**The adoption of this amendment has had no effect on the Company's Financial Statements.**

- On 12 August 2014, the IASB published an amendment to **IAS 27 - Equity Method in Separate Financial Statements**. The document introduces the option for an entity to use the net equity method in separate financial statements to measure equity investments in subsidiaries, jointly controlled entities and associates. Consequently, following the introduction of the amendment, an entity may recognise said equity investments in its separate financial statements either:
  - at cost;
  - according to the provisions of IFRS 9 (or IAS 39);
  - using the net equity method.

The changes are applicable from 1 January 2016, although early adoption is permitted.

**The adoption of this amendment has had no effect on the Company's Financial Statements.**

- On 18 December 2014, the IASB published a document entitled “**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**”, containing amendments on topics that emerged following the application of the consolidation exception granted to investment entities. The changes introduced by the document must be applied from years which start on 1 January 2016 or later, early adoption is also permitted.

**The adoption of these amendments has had no effect on the Company's Financial Statements.**

## 2.6 Accounting Standards, IFRS and IFRIC amendments and interpretations endorsed by the European Union, whose application is not yet compulsory and for which the Group did not opt for early adoption at 31 December 2016

- On 28 May 2014, the IASB published **IFRS 15 - Revenue from Contracts with Customers** which, together with further clarifications published on 12 April 2016, will replace standards IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will be applied to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The fundamental steps for the recognition of revenue according to the new model are:
  - identifying the contract with the customer;
  - identifying the performance obligations of the contract;
  - establishing the price;
  - allocating the price to the performance obligations of the contract;
  - the recognition criteria for revenue when the entity fulfils each performance obligation.The standard is applicable from 1 January 2018, although early adoption is permitted. The amendments to IFRS 15, Clarifications to IFRS 15 - Revenue from Contracts with Customers, published by the IASB in April 2016, have not yet been endorsed by the European Union.

**The directors do not expect the application of IFRS 15 to have a significant impact on the amounts recognised as revenue or on the relative disclosure contained in the Company's financial statements.**

- On 24 July 2014, the IASB published the final version of **IFRS 9 - Financial instruments**. This document encompasses the results of the IASB project to replace IAS 39. The new standard must be applied to financial statements that start on 1 January 2018 or later. The standard introduces the new criteria for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the procedure adopted to manage financial instruments and on the characteristics of the contractual cash flows of the same financial assets in order to determine the measurement criterion, replacing the various rules envisaged by IAS 39. As regards financial liabilities instead, the main change made regards the accounting treatment of changes in the fair value of a financial liability designated as a financial liability measured at fair value through profit and loss, in the event in which these changes are due to a change in the credit rating of the issuer of the liability in question. According to the new standard, these changes must be recognised in “other comprehensive income” rather than the income statement. With regard to impairment, the new standard requires that the estimate of losses on loans is made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supportable information that is available without undue cost or effort, and that includes historical, current and forecast information. The standard envisages that this impairment model should be applied to all financial instruments, namely to financial instruments measured at amortised cost, to those measured at fair value through other comprehensive income, lease receivables and trade receivables. Lastly, the standard introduces a new hedge accounting model with a view to improving on the requirements envisaged by the current IAS 39, which at times are considered too strict and not

suitable to reflect the risk management policies of companies. The main new features of the document regard:

- the increase of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities to be managed in hedge accounting;
- the change in the way that forward contracts and options are recognised when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- the changes to the test of effectiveness by replacing the current procedures based on a parameter of 80-125% with the principle of “economic relationship” between the item hedged and the hedging instrument; furthermore, a retrospective assessment of the effectiveness of the hedging relationship will no longer be required;

The greater flexibility of the new accounting rules is counterbalanced by requests for additional disclosures on the company's risk management activities.

**The directors do not expect the application of IFRS 9 to have a significant impact on the amounts or on the disclosure contained in the Company's financial statements.**

## 2.7 Accounting Standards, IFRS amendments and interpretations not yet endorsed by the European Union

At the reference date of these Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process required for adoption of the amendments and standards illustrated below.

- On 13 January 2016, the IASB published standard **IFRS 16 - Leases**, which will replace IAS 17 - Leases, as well as interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and the right to direct the use of the asset underlying the contract.

The standard established a single model for the recognition and measurement of lease contracts for the lessee, which entail recognising the leased asset, including operating assets, under assets in the statement of financial position, with a balancing entry of a financial payable, also giving the option of not recognising contracts that regard “low value assets” and those with a term of under 12 months as leases. On the contrary, the Standard does not involve any changes for lessors.

The standard is applicable from 1 January 2019, although early adoption is permitted, only for Companies that applied IFRS 15 - Revenue from Contracts with Customers early.

**The directors believe that the application of IFRS 16 could have a significant impact on the recognition of lease contracts and on the relative disclosure contained in the Company's financial statements.**

- On 19 January 2016, the IASB published a document entitled “**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**” which contains amendments to international accounting standard IAS 12. The objective of the document is to provide clarification on the recognition of deferred tax assets for unrealised losses in the event of certain circumstances and on an estimate of taxable income in future years. The changes are applicable from 1 January 2017, although early adoption is permitted.

**At present, the directors are assessing the potential impact that the introduction of these changes would have on the Company's financial statements.**

- On 29 January 2016, the IASB published a document entitled “**Disclosure Initiative (Amendments to IAS 7)**” which contains amendments to international accounting standard IAS 7. The objective of the document is to provide clarification to improve the disclosure of financial liabilities. More specifically, the amendments require a disclosure to be provided that enables the users of financial statements to understand the changes in liabilities resulting from loan transactions, including therein the changes resulting from monetary changes and those resulting from non-monetary changes. The changes do not envisage a specific format to be used for the disclosure. Nevertheless, the changes introduced require an entity to provide a reconciliation between the opening balance and the closing balance of liabilities resulting from financial transactions. The changes are applicable from 1 January 2017, although early adoption is permitted. The presentation of comparative information relating to previous years is not required.

**The directors do not expect the adoption of these amendments to have a significant impact on the Company’s financial statements.**

- On 20 June 2016, the IASB published a document entitled “**Classification and measurement of share-based payment transactions (Amendments to IFRS 2)**” which contains amendments to international accounting standard IFRS 2. The changes provide clarification regarding the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with the characteristics of net settlement and the recognition of changes to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The changes are applicable from 1 January 2018, although early adoption is permitted.

**The directors do not expect the adoption of these amendments to have a significant impact on the Company’s financial statements.**

- On 12 September 2016, the IASB published a document entitled “**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**”. For entities whose predominant business activities are connected with insurance, the objective of the changes is to clarify concerns resulting from the application of the new standard IFRS 9 to financial assets, before the IASB replaces the current standard IFRS 4 with the new standard, currently being drawn up, on the basis of which, financial liabilities are measured instead.

The changes introduce two possible approaches:

- overlay approach
- deferral approach.

These approaches will allow:

- the option of recognising the effects resulting from the application of IFRS 9 rather than of IAS 39 of certain designated financial assets before the application of the new standard regarding insurance contracts in the statement of comprehensive income (i.e. in the statement of OCI), instead of in the income statement (“overlay approach”).
- The option of a temporary exemption from the application of IFRS 9 until the earlier of the date of application of the new standards for insurance contracts and the financial year starting 1 January 2021. Entities that defer the application of IFRS 9 will continue to apply the current standard IAS 39 (“deferral approach”).

**The directors do not expect the adoption of these amendments to have a significant impact on the Company’s financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Annual Improvements to IFRSs: 2014-2016 Cycle**”, which includes amendments to certain standards as part of the annual process to improve the same. The main changes regard:
  - IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters. The amendment of this standard is

applicable at the latest from the financial year starting on 1 January 2018 and regards the deletion of certain short-term exemptions envisaged by paragraphs E3-E7 of Appendix E of IFRS 1 insofar as the benefit of said exemptions is considered to have been superseded.

- IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment clarifies that the option for a venture capital organization or a qualifying entity (such as, for example a mutual investment fund or similar entity) to measure investments in an associate or joint venture at fair value through profit or loss (rather than through the application of the net equity method) is made for each individual investment on initial recognition. The change is applicable from 1 January 2018.
- IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard. The amendment clarifies the scope of application of IFRS 12, by specifying that the disclosure requirements in the standard, with the exception of those envisaged in paragraphs B10-B16, apply to all interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5 non-current assets held for sale and discontinued operations. The change is applicable from 1 January 2017.

**The directors do not expect the adoption of these amendments to have a significant impact on the Company's financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)**”. The objective of the interpretation is to provide guidelines for foreign currency transactions where non-monetary payments or receipts made in advance are recognised in the financial statements before the recognition of the relative asset, cost or income. The document provides indications of how an entity should establish the date of a transaction, and consequently, the exchange rate to use in the case of foreign currency transactions in which the payment is made or received in advance. The interpretation clarifies that the date of the transaction is the earlier between:
  - a) the date of initial recognition of the payment or the receipt made in advance in the financial statements of the entity;
  - b) the date on which the asset, cost or income (or part of the same) are recognised in the financial statements (with the consequent elimination of the payment or the receipt made in advance).

If there are multiple payments or receipts in advance, a date of transaction must be established for each payment or receipt. IFRIC 22 is applicable from 1 January 2018, although early adoption is permitted.

**At present, the directors are assessing the potential impact that the introduction of these changes would have on the Company's financial statements.**

- On 8 December 2016, the IASB published a document entitled “**Transfers of Investment Property (Amendments to IAS 40)**” which contains amendments to international accounting standard IAS 40. These amendments clarify the transfers of a property from, or to, investment property. More specifically, an entity must reclassify a property under, or from, investment property only when there is evidence of a change in use of the property. Said change must relate to a specific event that took place, and must not therefore be limited to a change in the intentions of the entity's management. These changes are applicable from 1 January 2018, although early adoption is permitted.

**The directors do not expect the adoption of these amendments to have a significant impact on the Company's financial statements.**

- On 11 September 2014, the IASB published an amendment to **IFRS 10** and **IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. This document was published to resolve the current conflict between IAS 28 and IFRS 10.

According to IAS 28, the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a stake in the share capital of the latter is limited to the stake held by other investors not involved in the transaction in the joint venture or associate. On the contrary, IFRS 10 envisages the recognition of the entire gain or loss in the case of the loss of control of a subsidiary, even if the entity continues to hold a non-controlling interest in the same, also including the sale or contribution of a subsidiary to a joint venture or associate. The amendments introduced envisage that in a sale/contribution of an asset or of a subsidiary to a joint venture or an associate, the amount of the gain or of the loss to be recognised in the financial statements of the seller/contributor depends on whether or not the assets or the subsidiary sold/contributed constitutes a business, as defined by IFRS 3. If the assets or the subsidiary do represent a business, the entity must recognise the gain or the loss on the entire investment previously held; otherwise, the share of the gain or the loss relating to the interest still held by the entity must be derecognised. At present, the IASB has suspended the application of this amendment.

**The directors do not expect the adoption of these amendments to have a significant impact on the Company's financial statements.**

### 3. Breakdown of the main items of the Statement of Financial Position

#### Note 1.

#### Property, plant and equipment

##### Change in historical cost

	Historical cost 2015	Increases	Decreases	Reclassifications	Write-downs	Historical cost 2016
Plant and equipment	3,514					3,514
Other assets	313,017	723	(1,277)			312,464
<b>TOTAL</b>	<b>316,531</b>	<b>723</b>	<b>(1,277)</b>			<b>315,978</b>

##### Change in accumulated amortisation

	Accumulated amortisation 2015	Amortisation and depreciation	Decreases	Reclassifications	Write-downs	Accumulated amortisation 2016
Plant and equipment	3,514					3,514
Other assets	285,882	19,159	(1,021)			304,020
<b>TOTAL</b>	<b>289,396</b>	<b>19,159</b>	<b>(1,021)</b>			<b>307,534</b>

##### Net book value

	Net value 2015	Net value 2016
Plant and equipment	0	0
Other assets	27,135	8,444
<b>TOTAL</b>	<b>27,135</b>	<b>8,444</b>

The figure for the item other assets includes the following categories:

- ordinary office furniture and machines;
- electronic office machines;
- leased vehicles.

The changes during the year refer to the purchase and disposal of electronic office machines.

#### Note 2.

#### Goodwill

##### Goodwill

	Balance at 31.12.2015	Increases	Decreases	Impairment Loss	Balance at 31.12.2016
Goodwill	10,170,000				10,170,000
<b>TOTAL</b>	<b>10,170,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,170,000</b>

Goodwill at 31 December 2016 was Euro 10,170 thousand, unchanged with respect to last year.

### **Impairment testing**

The company conducted annual impairment testing on the goodwill recognised in the financial statements in accordance with the provisions of IAS 36, Impairment of assets.

The goodwill recognised at 31 December 2016, after impairment testing, amounted to Euro 10,170 thousand. It relates to a residual part of the goodwill resulting from the acquisition of “CNI Informatica e Telematica S.p.A.”, incorporated by the Company in 2002.

Said goodwill, the original value of which was Euro 41,646 thousand, i) was written down over the course of the years by a total of Euro 13,646 thousand, ii) Euro 15 million of which was transferred to the subsidiary Be Eps, following the transfer of the “DMO-BPO business division”, iii) Euro 2,830 thousand of which was transferred to Be Solutions as part of the transfer of the “Security & Mobility” BU. The residual value of this goodwill - following the separation and subsequent reallocation of the original value as illustrated above, in line with the reorganisation of the CGUs made in previous years - was allocated to the Consulting CGU insofar as it represents the value of Be Consulting activities, which prior to the above-mentioned reorganisation were considered - just as those transferred to Be Solution - as the development and diversification of the core activities performed by the original BPO/DMO CGU. Therefore for the purpose of the financial statements, said goodwill was impairment tested together with the value of the equity investment in Be Consulting.

In 2016, based on the results of the impairment test and of the relative sensitivity analyses conducted, made with the assistance of an external consultant, the Directors decided not to make any write-down of goodwill.

The aim of the impairment test was to establish the recoverable amount of the Cash Generating Units (“CGU”) that represent the Group’s activities, by discounting cash flows (“DCF Analysis”) as stated in the 2017-2019 Plan. The plans of the individual CGUs considered to estimate their recoverable amount were prepared by management in accordance with the provisions of standard IAS 36, which, to determine the same, requires that the forecast of expected cash flows of activities must be estimated by making reference to their present conditions.

For the purpose of goodwill impairment testing, IAS 36 establishes that the recoverable amount of the CGUs to which the goodwill is allocated must be compared with their net book value. The recoverable amount may be estimated by referring to two value categories: “value in use” and “fair value” less selling costs.

The company opted to estimate the recoverable amount on the basis of the value in use. This criterion entails calculating the recoverable amount of the CGU by discounting (pre-tax) cash flows at a (pre-tax) discount rate.

For further details on the impairment test conducted for the purpose of the consolidated financial statements, in which the goodwill recognised in these financial statements has been tested together with the “Consulting” CGU, please refer to the notes to the consolidated financial statements.

The Directors report that the recoverable amount of goodwill is sensitive to variances with respect to the basic assumptions used to prepare the 2017-2019 Plan, such as the revenue and profit (loss) expected to be recorded.

### **Sensitivity to changes in assumptions**

Due to the uncertainty relating to the occurrence of any future event, both in terms of whether said event will actually occur and in terms of the extent and timing of the same, the value in use of goodwill is particularly sensitive to potential changes in assumptions and, therefore, the value in use could be lower with respect to the results of the impairment test, if the following assumptions change:



- achievement of forecast revenue: achieving revenue targets, beyond the actions envisaged by management, is also related to market demand, to the renewal and/or award of tenders envisaged and to the successful development of other activities envisaged or in progress;
- achieving the normalised level of profitability and maintaining said level of profitability beyond the period of the 2017-2019 Business Plan; in particular, note that a significant portion of the value in use of goodwill is related to this assumption;
- discount rates: the discount rate used is based on external market parameters and therefore the fact that the current macroeconomic crisis could worsen, or that there may be a slowdown of the expected recovery also have to be taken into account as they could have a significant influence on the same, resulting in a change to those used herein.

For further details on sensitivity analyses, please refer to the content of the notes to the consolidated financial statements.

### **Note 3.**

#### **Intangible assets**

##### **Change in historical cost**

	Historical cost 2015	Increases	Decreases	Reclassifications	Write-downs	Historical cost 2016
Concessions, licences and trademarks	69,485					69,485
<b>TOTAL</b>	<b>69,485</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,485</b>

##### **Change in accumulated amortisation**

	Accumulated amortisation 2015	Amortisation and depreciation	Decreases	Reclassifications	Write-downs	Accumulated amortisation 2016
Concessions, licences and trademarks	65,919	3,566				69,485
<b>TOTAL</b>	<b>65,919</b>	<b>3,566</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,485</b>

##### **Reconciliation of book value**

	Net value 2015	Net value 2016
Concessions, licences and trademarks	3,566	0
<b>TOTAL</b>	<b>3,566</b>	<b>0</b>

Intangible assets are unchanged with respect to last year and refer to the net value of Piteco and Talentia software used by Group companies, fully amortised during the year under analysis.

## Note 4.

### Equity investments in subsidiaries

Equity investments in subsidiaries amount to Euro 39,081 thousand and are summarised in the following table.

#### Equity investments in subsidiaries

	31.12.2015	Increases	Decreases	Write-downs	31.12.2016
A & B S.p.A. in liquidation	5,162,286	220,000	0	0	5,382,286
Be Professional S.p.A.	4,050,673	1,500,000	0	1,200,000	4,350,673
Be Solutions S.p.A.	22,965,600	0	0	0	22,965,600
Be Consulting S.p.A.	6,377,672	0	0	0	6,377,672
Be Romania Srl	5,019	0	0	0	5,019
<b>TOTAL</b>	<b>38,561,250</b>	<b>1,720,000</b>	<b>0</b>	<b>1,200,000</b>	<b>39,081,250</b>

- **Be Professional Service S.p.A.**

At 31 December 2016, the Parent Company held 100% of the share capital of Be Professional. Over the course of 2016, Be S.p.A. paid the total sum of Euro 1,500 thousand to increase the shareholders' equity of the same. The recognition value was then written down during the year by Euro 1,200 thousand.

- **Be Consulting Think, Project & Plan S.p.A.**

Be Consulting is a company incorporated in Italy at the end of 2007, with registered offices in Rome, and a share capital of Euro 120,000 of which Be S.p.A. holds 100% at 31 December 2016. Be Consulting operates in the sphere of management consulting and reorganisation, mostly addressed to the world of finance. Be Consulting aims to serve the largest public and private sector companies in Italy in the Financial Institution, Telecom and Utilities markets.

- **Be Solutions Solve, Realize & Control S.p.A.**

Incorporated in Italy with a Share Capital of Euro 7,548,441, 100% of which is held by Be S.p.A., this company operates in the sphere of Information Technology.

- **A&B S.p.A. in liquidation**

A&B S.p.A. in liquidation, a company incorporated in Italy, with registered offices in Rome. Be S.p.A. holds 100% of the company's share capital, corresponding to Euro 2,583,000, after having purchased in 2016 5% of the share capital for Euro 229 thousand, previously held by third party investors. In 2015, the company was placed into liquidation; the liquidation procedure was completed in January 2017.

- **Be Think Solve Execute Ro S.r.l**

Be Think Solve Execute Ro S.r.l. is a company incorporated in Romania, with registered offices in Bucharest. Be S.p.A. holds 100% of the share capital, corresponding to RON 22,000.00 (equivalent to Euro 5,000) broken down into 2,200 shares with a face value of RON 10 each, wholly held by Be S.p.A..

The table below summarises the equity investments held:

Company	Registered office	Share Capital	Shareholders' Equity at 31.12.2016	Profit (Loss) for the Year at 31.12.2016	Interest held	Value attributed to financial statements at 31.12.2016	Shareholders' Equity pro rata difference and value attributed to the financial statements
Be Professional Service S.p.A.	Rome	351,900	686,361	(1,088,329)	100%	4,350,673	3,664,312
Be Consulting S.p.A.	Rome	120,000	10,419,548	4,715,245	100%	6,377,672	(4,041,876)
Be Solutions S.p.A.	Rome	7,548,441	9,739,000	1,473,719	100%	22,965,600	13,226,600
A&B S.p.A. in liquidation	Rome	2,583,000	5,403,848	31,682	100%	5,382,286	(21,562)
Be Romania	Bucharest	4,847	531,846	229,915	100%	5,019	(526,827)

The differences between the book value of the equity investment and the share of shareholders' equity pertaining to the Parent Company are due to goodwill and/or assets recorded at the time of acquisition.

Note that the value of the equity investments recognised in the financial statements of the Parent Company have been impairment tested in accordance with the provisions of IAS 36.

More specifically, the impairment test and the relative estimates were conducted:

- by estimating the value in use of the individual equity investments based on the unlevered discounted cash flow, namely by first establishing the enterprise value and then by subtracting the net financial position of each sub-holding calculated on a sub-consolidated base from said value;
- by discounting the unlevered after-tax cash flows relating to each sub-holding, as a function of the relative weighted average cost of capital (WACC) and in particular the after-tax discount rate used for the equity investment in Be Professional Services was 7.78%, for Be Solutions 7.84% and for Be Consulting 7.73%;
- by separately assessing the flows that show different risk profiles;
- by comparing the value in use calculated in this way with the book value of the operating equity investments recognised in the separate financial statements of the Parent Company at 31 December 2016;
- and by conducting a sensitivity analysis on the value in use with regard to changes in the underlying assumptions.

With regard to the sensitivity analyses relating to the Impairment test on the equity investments, note that the after-tax discount rates that render the book value of the equity investments equal to their value in use are respectively:

- 13.15% with regard to the equity investment in Be Solutions;
- 10.30% with regard to the equity investment in Be Professional.

With regard to the equity investment in Be Consulting, the value in use of the equity investment was significantly higher than the book value. Therefore, the disclosure of the breakeven WACC is not significant.

For the sake of completeness, the value in use was also calculated at consolidated level, in order to verify the solidity of the values in relation to the Group's entire net invested capital. The result of this was a value in use higher than the book value of the net invested capital.

**Note 5.****Loans and other non-current assets****Other non-current receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Other non-current receivables	556,222	556,222
Non-current prepaid expenses	0	0
<b>TOTAL</b>	<b>556,222</b>	<b>556,222</b>

Euro 556 thousand of receivables and other non-current assets refer to receivables due from Bassilichi, with which a dispute is currently underway. A payable for the same amount has been recognised under non-current liabilities against this receivable for the fines received in 2009.

For further details, please refer to note 17.

**Note 6.****Deferred tax assets****Deferred tax assets**

	Balance at 31.12.2015	Allocation	Utilisation	Other changes	Balance at 31.12.2016
Deferred tax assets	4,385,606	34	(132,502)	587	4,253,725
<b>TOTAL</b>	<b>4,385,606</b>	<b>34</b>	<b>(132,502)</b>	<b>587</b>	<b>4,253,725</b>

Deferred tax assets in the financial statements are recognised on the assumption that the same can be reasonably recovered and mainly refer to previous tax losses that are expected to be recovered against future taxable income.

More specifically, the recoverability of deferred tax assets is based on the taxable income forecast for the companies covered by the tax consolidation scheme for the period relating to the 2017-2019 Plan.

Deferred tax assets are calculated using the tax rates in force from 1 January 2017 (IRES 24% and IRAP 3.9%-4.26%). In fact, as established by the 2016 Italian Stability Law (paragraph 61, article 1, Italian Law no. 208 of 12.12.2015), the IRES tax rate has been reduced, from 1 January 2017, to 24% instead of 27.5%.

**Note 7.****Trade receivables****Trade receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Receivables due from customers	767,981	811,842
Bad debt provision for receivables due from customers	(175,335)	(35,335)
Receivables due from Group Companies	2,070,670	849,584
<b>TOTAL</b>	<b>2,663,316</b>	<b>1,626,091</b>

Trade receivables amount to:

- Euro 2,071 thousand due from Group companies, mainly relating to management fees;
- Euro 768 thousand from transactions relating to goods or services produced or provided by the company in Italy, which include a receivable of Euro 665 thousand related to Bassilichi, with whom legal proceedings are already underway, as mentioned earlier. For this reason, during the year the figure of Euro 140 thousand was prudentially allocated to the bad debt provision.

The amount recognised in the financial statements is shown net of the bad debt provision of Euro 175 thousand, allocated in order to adjust the face value of receivables to their presumed recoverable amount.

The changes in the bad debt provision are illustrated below:

	Balance at 31.12.2016	Balance at 31.12.2015
Opening balance	35,335	35,335
Allocations	140,000	0
Utilisation	0	0
<b>TOTAL</b>	<b>175,335</b>	<b>35,335</b>

Comments on the way in which credit risk is managed are contained in paragraph 5.5.

## **Note 8.**

### **Other assets and receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Advances to suppliers for services	0	883
Receivables due from social security organisations	0	0
VAT credits and other indirect taxes	640	160,372
Accrued income and prepaid expenses	62,280	58,877
Other receivables	21,854	22,165
Other receivables due from Group companies	10,323,447	7,848,440
<b>TOTAL</b>	<b>10,408,221</b>	<b>8,090,737</b>

The item Other receivables due from Group companies represents the receivable due from subsidiaries under the tax consolidation scheme.

## **Note 9.**

### **Tax receivables**

	Balance at 31.12.2016	Balance at 31.12.2015
Tax receivables for tax consolidation scheme	131,488	0
<b>TOTAL</b>	<b>131,488</b>	<b>0</b>

At 31 December 2016, the Company was in a credit situation with the Tax Authorities for current taxes relating to IRES.

### **Note 10.**

#### **Financial receivables and other current financial assets**

##### **Financial receivables and other current financial assets**

	<b>Balance at 31.12.2016</b>	<b>Balance at 31.12.2015</b>
Financial receivables due from Group Companies	22,839,338	25,552,045
<b>TOTAL</b>	<b>22,839,338</b>	<b>25,552,045</b>

This item is entirely comprised by receivables due from subsidiaries amounting to Euro 22,839 thousand relating to the centralised treasury activities of the Parent Company.

### **Note 11.**

#### **Cash and cash equivalents**

##### **Cash and cash equivalents**

	<b>Balance at 31.12.2016</b>	<b>Balance at 31.12.2015</b>
Bank and post office deposits	25,229,117	14,023,731
Cash on hand	356	491
<b>TOTAL</b>	<b>25,229,473</b>	<b>14,024,222</b>

The balance represents cash held in current accounts at banks and post offices, and cash on hand at 31 December 2016.

### **Note 12.**

#### **Shareholders' Equity**

##### **Share Capital and Reserves**

At 31 December 2016 Be S.p.A.'s fully paid-up share capital totalled Euro 27,109,165, divided into 134,897,272 ordinary shares with no face value. Be S.p.A.'s shares are traded in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A..

Note that in 2013, the share capital increase entailed the full subscription of the 65,719,176 newly-issued ordinary shares, at a placement price of Euro 0.19 for each new share, of which Euro 0.10 to be allocated to Share Capital, with a total counter value of Euro 12,486,643.44, of which Euro 6,571,917.60 to Share Capital and Euro 5,914,725.84 to the Share Premium Reserve.

Reserves amount to Euro 19,732 thousand and are comprised by:

- the “legal reserve” of Euro 376 thousand, which is Euro 127 thousand higher following the allocation of the profit from 2015;
- the “extraordinary reserve” of Euro 4,903 thousand, which is Euro 919 thousand higher following the allocation of the profit from 2015;

- the residual “share premium reserve” of Euro 15,168 thousand which did not change in 2016;
- other negative reserves of Euro 715 thousand for expenses directly recognised under shareholders’ equity, relating to costs for share capital increases of Euro 606 thousand and the derivative on the BPM loan of Euro 45 thousand and the impact of post-employment benefits under IAS 19 of Euro 64 thousand.

At 31 December 2016, the number of shares outstanding totalled 134,897,272, and the shareholding structure - as indicated in disclosures pursuant to art. 120 of the “Consolidated Law on Finance” (TUF) and in relation to notices received in accordance with internal dealing regulations - was as follows:

### Shareholders

	Nationality	No. of Shares	% Ordinary capital
Tamburi Investment Partners S.p.A.	Italian	31,582,225	23.41
iFuture Power in Action S.r.l.	Italian	13,519,265	10.02
BNY Mellon Service Kapitalanlage GmbH	Italian	13,489,700	10.00
Stefano Achermann	Italian	7,771,132	5.76
Float		68,534,950	50.81
<b>Total</b>		<b>134,897,272</b>	<b>100.00</b>

Items of Shareholders’ Equity are classified according to origin, possibility of utilisation, possibility of distribution and utilisation in the last three years:

Nature/Description	Amount	Possibility of utilisation (*)	Share Available	Utilisation in past three years to cover losses	Utilisation in past three years for other reasons
Share capital	27,109,165				
Share premium reserve	15,168,147	A,B	15,168,147		
Legal reserve	376,459	A,B	376,459		
Extraordinary reserve	4,902,721	A,B,C	4,902,721		
Other reserves	(714,886)				
<b>Total</b>	<b>46,841,606</b>		<b>20,447,327</b>		
Non-allocatable quota			15,544,606		
Residual allocatable quota			4,902,721		

Key: **A:** for share capital increase **B:** to cover losses **C:** for distribution to shareholders

### Stock option plans

The company has no stock option plans.

### Treasury shares

At 31 December 2016 the company holds no treasury shares.

**Note 13.****Financial payables and other non-current financial liabilities**

Non-current financial payables of around Euro 15,610 thousand refer mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

**Financial payables and other non-current liabilities**

	Balance at 31.12.2016	Balance at 31.12.2015
Non-current-financial payables to banks	15,609,592	8,404,496
Financial payables to other Related Parties	0	0
<b>TOTAL</b>	<b>15,609,592</b>	<b>8,404,496</b>

The medium and long term loans outstanding at 31 December 2016 and relative maturities were as follows:

Bank	Maturity	Balance at 31.12.2016	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Banca Popolare di Milano 1	2,020	4,870,046	1,386,052	1,418,270	1,451,236	614,488	0
Banca Popolare di Milano 2	2,019	2,260,959	996,742	1,009,778	254,439	0	0
Banca Popolare di Milano 3	2,019	467,477	98,255	99,291	100,339	101,397	68,196
Banca Nazionale del Lavoro	2,019	2,250,000	1,000,000	1,000,000	250,000	0	0
Banca Popolare dell'Emilia Romagna	2,018	3,918,850	980,956	994,281	1,007,787	935,826	0
Unicredit	2,018	6,000,000	1,167,875	1,183,721	1,199,782	1,216,061	1,232,561
Banca Intesa San Paolo	2,019	2,291,667	833,333	833,333	625,000	0	0
<b>TOTAL LOANS</b>		<b>22,058,999</b>	<b>6,463,213</b>	<b>6,538,674</b>	<b>4,888,583</b>	<b>2,867,772</b>	<b>1,300,757</b>

In 2016, new loans were obtained both for extraordinary M&A transactions and to assist the restructuring of medium and long term debt.

In chronological order:

- in January 2016 a loan agreement was signed with Banca Nazionale del Lavoro for a total of Euro 2,500 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 250 thousand was repaid and the residual debt at 31 December 2016 was Euro 2,250 thousand, Euro 1,250 thousand of which is long-term;
- in March 2016, a loan agreement was signed with Banca Popolare di Milano (ref. 2) for a total of Euro 3,000 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 739 thousand was repaid and the residual debt at 31 December 2016 was Euro 2,261 thousand, Euro 1,264 thousand of which is long-term;
- in August 2016, a loan agreement was signed with Banca Popolare di Milano (ref. 3) for a total of Euro 500 thousand, envisaging a 5-year repayment plan and a floating interest rate. During the year, Euro 33 thousand was repaid and the residual debt at 31 December 2016 was Euro 467 thousand, Euro 369 thousand of which is long-term;
- in September 2016, a loan agreement was signed with Banca Intesa for a total of Euro 2,500 thousand, envisaging a 3-year repayment plan and a floating interest rate. During the year, Euro 208 thousand was repaid and the residual debt at 31 December 2016 was therefore Euro 2,292 thousand, Euro 1,458 thousand of which is long-term;



- in November 2016, a loan agreement was signed with Unicredit for a total of Euro 6,000 thousand, in parallel to the settlement of a loan with residual amounts of Euro 2,225 thousand for Be S.p.A and Euro 977 thousand for Be Consulting. This new loan envisages a 5-year repayment plan with quarterly instalments and a floating interest rate. The loan will start to be repaid from February 2017 and at 31 December 2016, its long-term component amounted to Euro 4,832 thousand;
- in the same month of November 2016, a loan agreement was signed with Banca Popolare dell'Emilia Romagna for a total of Euro 4,000 thousand, in parallel to the settlement of a loan with a residual amount of Euro 1,849 thousand. This new loan has a 4-year repayment plan with monthly instalments and a floating interest rate. During 2016, Euro 81 thousand was repaid and the residual debt at 31 December 2016 was therefore Euro 3,919 thousand, Euro 2,938 thousand of which is long-term;

With regard to existing loans at 31 December 2015, also note that:

- on 14 May 2015 a loan agreement was signed with Banca Popolare di Milano (ref. 1) for a total of Euro 7,000 thousand, envisaging a 60-month repayment plan and a floating interest rate, around Euro 5,000 thousand of which being dedicated to refinancing operations (to extinguish other existing loans) and around Euro 2,000 thousand to supporting normal cash flow needs. During 2016, around Euro 1,355 thousand was repaid and the residual debt at 31 December 2016 was Euro 4,870 thousand, Euro 3,484 thousand of which is long-term. With regard to this loan, an IRS contract was set in place in July 2015 to hedge the risk of a rise in interest rates.

As regards 2016, all covenants on the existing loans, illustrated above, were respected. The lending terms, particularly the spread, represent terms negotiated at different times and which mirror the loan duration, any guarantees given, market conditions and the Group's credit rating at the date of signing.

Also note that the fair value of the above loans is essentially in line with their book value. Long-term financial payables include the negative impact of the application of the amortising cost and of the derivative of Euro 13 thousand.

## **Note 14.**

### **Provisions for future risks and charges**

Provisions for risks and charges recorded the following changes during the year:

#### **Current provisions**

	Balance at 31.12.2015	Reclassification	Increases	Decreases	Balance at 31.12.2016
Provision for personnel risks	744,171			(548,522)	195,649
Other provisions for risks and charges	1,051,023	(600,000)			451,023
<b>TOTAL</b>	<b>1,795,194</b>	<b>(600,000)</b>		<b>(548,522)</b>	<b>646,672</b>

Euro 549 thousand of the provision for personnel risk of Euro 196 thousand, was used for conciliations with employees during the year.

The residual balance of "Other provisions for risks and charges", corresponding to Euro 451 thousand relates to the longstanding dispute between KS Italia and Be Solutions, for which a provision of Euro 440 thousand has been set in place by the Parent Company. The reclassification of Euro 600 thousand relates to provisions for variable emoluments of executive directors to be paid for the achievement of three-year objectives (2014-2016 business plan) which, as due, have been included in other short-term payables.

**Note 15.****Employee benefits****Post-employment benefits (TFR)**

	Balance at 31.12.2015	Increases for transfers	Increases	Actuarial losses (profit) recognised	Balance at 31.12.2016
Post-employment benefits (TFR)	161,157	31,205	2,899	9,256	204,517
<b>TOTAL</b>	<b>161,157</b>	<b>31,205</b>	<b>2,899</b>	<b>9,256</b>	<b>204,517</b>

The increase of Post-employment benefits (TFR) of Euro 43 thousand is due to:

- the increase due to allocations of Euro 3 thousand;
- the increase of the payable for Post-employment benefits (TFR) relating to personnel transferred to the Parent Company from other Group companies of Euro 31 thousand;
- the increase resulting from actuarial gains for IAS 19R 2016 purposes of around Euro 9 thousand.

The liability recognised in the financial statements breaks down as follows:

	Balance at 31.12.2016
Present value of the obligation	195,261
Actuarial (loss)/profit recognised under other comprehensive income	9,256
Liability recognised in the financial statements	204,517

The cost relating to the liability breaks down as follows:

	FY 2016
Interest expense	2,899
Reductions and redemptions	0
Social security cost of past services	0

The assumptions used to determine the Post-Employment Benefit obligation were:

Main Actuarial Assumptions	Percentage
Annual discount rate	1.31%
Annual inflation rate	1.50%
Annual rate increase in post-employment benefits	2.63%
Annual increase in remuneration	1.00%
Frequency of benefit advances/no. of years' service	2.00%
No. of years' service/annual turnover rate: up to 10 years	4.00%
No. of years' service/annual turnover rate: from 10 to 30 years	4.00%
No. of years' service/annual turnover rate: over 30 years	6.00%

The additional information required by IAS 19, as amended, is shown below:

- sensitivity analysis:

Company	POST- EMPLOYMENT BENEFITS (TFR)	changes in assumptions					
		turnover rate	inflation rate		discounting rate		
		-1%	-1%	+ 1/4 %	- 1/4 %	+ 1/4 %	- 1/4 %
Be S.P.A.	204,517	203,374	205,833	207,362	201,735	200,065	209,155

Indication of the contribution to the next\* year and the average financial duration of the obligation for defined benefit plans:

Company	Service Cost	Duration of the plan
Be S.p.A.	0	9.5

\* The service cost is zero, in application of the approach adopted by the Company with an average of at least 50 employees over the course of 2006.

The average number of employees in 2016, broken down by category, is illustrated in the following table:

### Description

	Average number current year	Average number previous year
Executives	6	6
Middle Managers	8	7
White collar	28	24
Apprentices	1	2
Interns	1	
<b>Total</b>	<b>44</b>	<b>39</b>

### Note 16.

#### Deferred tax liabilities

##### Deferred tax liabilities

	Balance at 31.12.2015	Increases	Decreases	Reclassification	Balance at 31.12.2016
Deferred tax liabilities	2,444,107	302,426		(808)	2,745,725
<b>TOTAL</b>	<b>2,444,107</b>	<b>302,426</b>		<b>(808)</b>	<b>2,745,725</b>

The nature of deferred tax liabilities is broken down in the table below:

Breakdown of deferred tax liabilities <i>(amounts in EUR thousands)</i>	2015		2016	
	Temporary difference	Tax	Temporary difference	Tax
Post-employment Benefits (IFR)	4	1	0	0
Goodwill	8,478	2,443	9,527	2,746
<b>TOTAL</b>	<b>8,482</b>	<b>2,444</b>	<b>9,527</b>	<b>2,746</b>

The increase results from the difference between the goodwill recognised in the separate financial statements and the amount for tax purposes, as this item, in application of IAS/IFRS standards, is not amortised in the separate financial statements, while, for tax purposes, it is deducted at a rate of 1/18 per year.

In 2016, deferred tax liabilities were calculated using the rates that are in force in 2016, IRES 27.5% and IRAP 4.82% (rate for the Lazio region) and 3.90% (rate for the Umbria and Lombardy regions).

For items that are expected to be recovered after 31 December 2016, the IRES rate has been adjusted from 27.5% to 24% on the basis of that established by the 2016 Italian Stability Law.

This has resulted in a release of taxes calculated by applying a rate of 3.5% to taxable income, namely the difference between the rate in force up until 31 December 2016 (namely 27.5%) and the reduced rate of 24%, which will be applied from 1 January 2017.

For further details, please refer to note 31.

## **Note 17.**

### **Other non-current liabilities**

#### **Other non-current liabilities**

	Balance at 31.12.2016	Balance at 31.12.2015
Other non-current liabilities	5,556,222	5,556,222
<b>TOTAL</b>	<b>5,556,222</b>	<b>5,556,222</b>

Other non-current liabilities include Euro 5 million relating to the guarantee deposit received in relation to the “Master Agreement” signed with Unicredit Business Integrated Solution (UBIS).

The additional Euro 556 thousand refers to the payable for penalties received from Bassilichi in 2009, which the Company has fully disputed, and for which a receivable for the same amount has been recognised, see note 5.

**Note 18.****Financial payables and other current financial liabilities**

	Balance at 31.12.2016	Balance at 31.12.2015
Financial payables to banks	10,656,610	5,825,932
Financial payables to Group Companies	25,794,226	22,247,183
Financial payables to other Related Parties		3,486,454
Other financial payables	1,349	5,273
<b>TOTAL</b>	<b>36,452,185</b>	<b>31,564,842</b>

Current payables to banks are mainly comprised by Euro 6,463 thousand representing the short-term portion of loans with a medium/long-term maturity, Euro 2,500 thousand relating to the short-term loan from Monte dei Paschi di Siena to be repaid in a one-off payment in February 2017, Euro 1,000 thousand relating to the short-term loan from Unicredit, to be repaid in a one-off payment in February 2017 and Euro 665 thousand in accounts payable to suppliers.

Financial payables to other Group companies amount to Euro 25,794 thousand; these payables regard Cash-pooling arrangements and reciprocal accounts set up by the Parent Company with Group companies in order to optimise treasury management at Group level.

Note that in 2015, Payables to other Related Parties regarded the financial payable due to Intesa San Paolo, which is no longer qualified as a “Related party” in 2016; for further information, refer to paragraph 5.4 “Other disclosures” of these notes to the financial statements.

Other financial payables of Euro 1.4 thousand refer to the residual debt of the lease agreement signed for the purchase of a motor vehicle in 2014.

**Net Financial Position**

The net financial position at 31 December 2016 was around Euro 3,993 million compared to around Euro 393 million at 31 December 2015; the breakdown is shown below.

For comments on individual items, please refer to the content of notes 4, 11 and 12 above and notes 14 and 15 below.

## Net financial position Be Spa

	31.12.2016	31.12.2015	Δ
Cash and cash equivalents at bank	25,229,473	14,024,222	11,205,251
<b>A Cash and cash equivalents</b>	<b>25,229,473</b>	<b>14,024,222</b>	<b>11,205,251</b>
<b>B Current financial receivables</b>	<b>22,839,338</b>	<b>25,552,045</b>	<b>(2,712,708)</b>
Current bank payables	(4,193,397)	(6,107,995)	1,914,598
Current share of medium/long-term indebtedness	(6,463,213)	(3,204,393)	(3,258,820)
Other current financial payables	(25,795,575)	(22,252,455)	(3,543,120)
<b>C Current financial indebtedness</b>	<b>(36,452,185)</b>	<b>(31,564,842)</b>	<b>(4,887,343)</b>
<b>D Current Net Financial Position (A+B+C)</b>	<b>11,616,626</b>	<b>8,011,424</b>	<b>3,605,202</b>
Non-current bank payables	(15,609,592)	(8,404,496)	(7,205,096)
<b>E Non-current Net Financial Position</b>	<b>(15,609,592)</b>	<b>(8,404,496)</b>	<b>(7,205,096)</b>
<b>F Net financial position (D+E)</b>	<b>(3,992,966)</b>	<b>(393,072)</b>	<b>(3,599,894)</b>

With regard to the table above, note that:

- current financial receivables include Euro 22,839 thousand in receivables due from subsidiaries, relating to centralised treasury activities, Euro 20,530 of which relates to Italian companies and Euro 2,309 to foreign companies;
- Euro 10,656 thousand of current payables refer to current payables to the banking system, of which Euro 4,193 thousand for drawdowns of short-term credit facilities in the form of accounts payable to suppliers and short-term loans, and Euro 6,463 thousand relating to the portion of existing medium to long-term loans maturing in the following year;
- other current financial payables include Euro 25,796 thousand in payables to subsidiaries, of which Euro 20,844 thousand relating to centralised treasury activities, Euro 14,343 to Italian companies and Euro 6,502 to foreign companies, and Euro 4,950 thousand to the loan from the subsidiary A&B S.p.A.;
- non-current bank payables corresponding to Euro 15,610 thousand refer to the portion of existing loans that is due beyond the next financial year, after the negative impact of the application of the amortising cost and of the valuation of the derivative of Euro 13 thousand.

## Note 19.

### Trade Payables

#### Trade payables

	Balance at 31.12.2016	Balance at 31.12.2015
Trade payables	435,423	288,606
Payables to Group Companies	636,105	504,110
Payables to other Related Parties	57,212	134,054
<b>TOTAL</b>	<b>1,128,740</b>	<b>926,770</b>

Trade payables arise from the purchase of goods or services in Italy with payment due within 12 months. These amounts refer essentially to the services and equipment supplied, as well as to lease instalments and maintenance charges.

## **Note 20.**

### **Tax Payables**

<b>Tax Payables</b>		
	<b>Balance at 31.12.2016</b>	<b>Balance at 31.12.2015</b>
IRAP tax payables	0	0
IRES tax payables	0	6,398
<b>TOTAL</b>	<b>0</b>	<b>6,398</b>

At 31 December 2016, the Company did not have any debt towards the Tax Authorities, while at 31 December 2015 it had a debt for current taxes relating to IRES of Euro 6 thousand.

## **Note 21.**

### **Other liabilities and payables**

<b>Other liabilities and payables</b>		
	<b>Balance at 31.12.2016</b>	<b>Balance at 31.12.2015</b>
Social security and welfare payables	157,410	141,895
Payables to employees	131,163	144,090
Payables for VAT and withholding tax	216,999	75,939
Accrued expenses and deferred income	11,977	5,330
Other payables	1,535,912	652,242
Other payables to Group Companies	3,845,408	2,773,519
<b>TOTAL</b>	<b>5,898,869</b>	<b>3,793,015</b>

Social security and welfare payables relate to contributions that the company will pay to the Tax Authority the following year.

Payables to employees include amounts due to employees for the accrued portion of leave and permitted absences accrued but not used.

Other payables mainly relates to amounts due to the Directors of Euro 1,483 thousand and payables for disputes settled of Euro 49 thousand relating to agreements reached with some employees.

Other payables to Group Companies of Euro 3,845 thousand regard indemnities relating to Group tax consolidation.

#### 4. Breakdown of the main items of the Income Statement

##### Note 22.

##### Operating revenue

###### Operating revenue

	FY 2016	FY 2015
Revenue from Group Companies	4,343,608	3,927,000
<b>TOTAL</b>	<b>4,343,608</b>	<b>3,927,000</b>

Operating revenue is substantially represented by charges to Subsidiaries for management services rendered at central level (management fees) and royalties on the Be trademark.

##### Note 23.

##### Other operating revenue and income

###### Other operating revenue and income

	FY 2016	FY 2015
Other operating revenue and income	71,080	98,389
Other revenue from Group Companies	461,749	616,635
<b>TOTAL</b>	<b>532,829</b>	<b>715,024</b>

Other operating revenue and income from Group Companies refers to centralised purchasing that is recharged to the various Group companies as relevant, while other revenue and income mainly refers to contingent assets.

##### Note 24.

##### Raw materials and consumables

###### Cost of raw materials and consumables

	FY 2016	FY 2015
Purchase of raw materials and consumables	3,280	2,162
<b>TOTAL</b>	<b>3,280</b>	<b>2,162</b>

This item mainly contains costs related to the purchase of consumables.



**Note 25.****Service costs****Service costs**

	<b>FY 2016</b>	<b>FY 2015</b>
Outsourced and consulting services	35,069	39,744
Remuneration of directors and statutory auditors	1,799,941	1,106,433
Marketing costs	207,962	77,346
Cleaning, surveillance and other general services	469,975	644,044
Maintenance and support services	8,822	8,822
Utilities and telephone charges	25,466	28,023
Consulting - administrative services	895,249	590,420
Other services (chargebacks, commissions, etc.)	48,015	71,724
Bank and factoring charges	263,720	208,525
Insurance	112,715	102,027
Rental and leasing	69,721	56,603
Cost of services provided by Subsidiaries	799,545	603,391
Cost of services provided by other Related Parties	109,036	226,523
<b>TOTAL</b>	<b>4,845,236</b>	<b>3,763,625</b>

Service costs amount to Euro 4,845 thousand compared to Euro 3,764 thousand last year. Fees due to directors and statutory auditors amount to Euro 1,800 thousand, for further details, refer to the specific schedule attached to note 5.8.

Marketing costs amounting to Euro 208 thousand include costs for services relating to Investor Relations.

General services, amounting to Euro 470 thousand, was mostly comprised by all of the costs incurred by the Parent Company and subsequently recharged to the various Group companies.

Consulting and administrative services amounting to Euro 895 thousand mainly refer to services related to the auditing of accounts, processing wages on an outsourcing arrangement, tax and legal advice as well as specific professional consulting services.

The cost of services provided by Group companies, totalling Euro 799 thousand, relate to services provided by other group companies, including therein the secondment of personnel and the portion of leasing costs for registered offices.

The cost of services provided by other related parties refer to the service agreement signed with IR Top and T.I.P. (refer to note 5.4).

**Note 26.****Personnel costs****Personnel costs**

	FY 2016	FY 2015
Wages and salaries	2,008,126	1,790,179
Social security contributions	611,234	520,866
Post-employment benefits	130,809	112,588
Other personnel costs	116,451	30,052
<b>TOTAL</b>	<b>2,866,620</b>	<b>2,453,684</b>

Personnel costs, amounting to Euro 2,867 thousand represent the total cost incurred for employees, including accessory charges, the allocation to Post-employment benefits (IFR) accrued and of that accrued and paid over the year, as well as accruals of additional month's salaries, holiday leave and paid absence not taken.

**Note 27.****Other operating costs****Other operating costs**

	FY 2016	FY 2015
Other operating expense	398,870	140,226
Other expense from Group Companies	0	1,096
<b>TOTAL</b>	<b>398,870</b>	<b>141,322</b>

This item encompasses all costs of a residual nature, such as contingent liabilities, Chamber of Commerce fees, fines, penalties on services provided and operating activities performed and indirect taxes and duties.

**Note 28.****Amortisation, depreciation and write-downs****Amortisation, depreciation and write-downs**

	FY 2016	FY 2015
Depreciation of property, plant and equipment	19,159	24,283
Amortisation of intangible assets	3,566	23,166
<b>TOTAL</b>	<b>22,725</b>	<b>47,449</b>

Amortisation and depreciation are calculated according to the deterioration of assets and recognised as a reduction of the value of the individual assets.

**Note 29.****Allocations to provisions****Allocations to provisions and impairment loss on current assets**

	FY 2016	FY 2015
Allocation to provision for risks – personnel	0	500,000
Allocation to other provisions for future risks and charges	0	300,000
Impairment losses on current assets	140,000	0
<b>TOTAL</b>	<b>140,000</b>	<b>800,000</b>

In the year under analysis, no allocations to provisions were made for disputes with employees or for future charges.

An allocation to the bad debt provision of Euro 140 thousand relating to the dispute with Bassilichi was retained necessary.

**Note 30.****Financial income, Financial expense, Write-down of equity investments and shares****Financial income and expense**

	FY 2016	FY 2015
Financial income	4,270,699	4,517,365
Financial expense	(518,340)	(696,872)
Revaluation (Write-down) of financial assets	(1,200,000)	0
<b>TOTAL</b>	<b>2,552,359</b>	<b>3,820,494</b>

The breakdown of financial income and expense is shown below.

**Breakdown of financial interest and income**

	FY 2016	FY 2015
Interest income from current bank accounts	3,184	12,322
Financial income and Dividends from Group Companies	4,267,515	4,503,112
Financial income from other Related Parties	0	1,931
<b>TOTAL</b>	<b>4,270,699</b>	<b>4,517,365</b>

**Breakdown of financial interest and expense**

	FY 2016	FY 2015
Interest expense on current bank accounts	26,447	80,789
Interest expense on factoring and advances on invoices	0	0
Interest expense on loans	410,801	338,508
Other financial expense	4,836	53,720
Financial expense from Group Companies	76,256	112,875
Financial expense from Other Related Parties	0	110,980
<b>TOTAL</b>	<b>518,340</b>	<b>696,872</b>

The financial income from Group companies refers to dividends distributed by the subsidiary Be Consulting in 2016 of Euro 3,500 thousand and interest income from subsidiaries of Euro 767 thousand.

### **Note 31.**

#### **Current and deferred taxes**

<b>Current and deferred taxes</b>		
	<b>FY 2016</b>	<b>FY 2015</b>
Current taxes	1,689,138	1,819,398
Adjustments of IRES taxes for previous years	(148,961)	0
Deferred tax assets and liabilities	(434,894)	(527,370)
<b>TOTAL</b>	<b>1,105,283</b>	<b>1,292,029</b>

Current taxes in 2016 refers to credit for IRES pertinent to the Parent Company resulting from the adjustments related to the Tax Consolidation scheme of Euro 1,689 thousand. The company and its subsidiaries have jointly adopted the national tax consolidation regime pursuant to art. 117 et seq. of the Consolidated Income Tax Act (TUIR).

Note that Euro 149 thousand of adjustments of IRES taxes for previous years is the result of the adjustment of the financial statements to bring them in line with 2016 National Consolidation (2015 income) following a new calculation of taxes due to an erroneous ACE calculated at 31 December 2015.

Deferred tax assets and liabilities refer to the recognition of deferred taxes of Euro 302 thousand.

Note that, as already mentioned, deferred tax assets and liabilities relating to the Group's Italian companies have been measured taking the change in the IRES rate into account, which as of 1 January 2017 will be 24% instead of the current 27.5%.

The table below illustrates the reconciliation of the theoretical tax burden resulting from the financial statements and the theoretical tax burden:

## Reconciliation of theoretical tax burden resulting from the financial statements and theoretical IRES tax burden

(amounts in EUR thousand)

Description	Amount	Taxes
Profit (loss) before tax	(848)	
<b>Theoretical tax burden (%)</b>	27.5%	<b>(233)</b>
<i>Temporary differences taxable in future years:</i>		
Amortisation of goodwill	(1,169)	
<b>Temporary differences taxable in future years:</b>	<b>(1,169)</b>	<b>(321)</b>
<i>Temporary differences deductible in future years:</i>		
Services not completed at 31.12.2016	985	
Non-deductible allocations	126	
Allocation to Post-employment benefits (TFR) IAS	9	
<b>Temporary differences deductible in future years:</b>	<b>1,120</b>	<b>308</b>
<i>Reversal of temporary differences from previous years:</i>		
Services not completed at 31.12.2015	(570)	
Amortisation of share capital increase expense	(28)	
<b>Reversal of temporary differences from previous years:</b>	<b>(598)</b>	<b>(165)</b>
<i>Differences that will not be reversed in future years</i>		
Wholly or partially non-deductible costs	1,731	
Permanent decreases	(3,510)	
<b>Differences that will not be reversed in future years</b>	<b>(1,779)</b>	<b>(489)</b>
<b>- Taxable income</b>	<b>(3,274)</b>	<b>(900)</b>
<b>Indemnity for tax losses</b>		<b>(1,742)</b>
<b>Charge for transferring interest expense</b>		<b>53</b>
<b>Adjustments on previous years' tax</b>		<b>149</b>
<b>Current IRES on income for the year</b>		<b>(1,540)</b>

## Reconciliation of theoretical tax burden resulting from the financial statements and theoretical (IRAP) tax burden

(amounts in EUR thousand)

Description	Amount	Taxes
<b>Difference between value and cost of production</b>	(3,400)	
Costs not relevant for IRAP purposes	2,890	
Deductible personnel costs	(2,750)	
	<b>(3,260)</b>	
<b>- Theoretical tax burden (%)</b>	<b>4.13%</b>	<b>(135)</b>
<i>Reversal of temporary differences from previous years:</i>		
Increases	706	
Decreases	(1,318)	
<b>Reversal of temporary differences from previous years:</b>	<b>(612)</b>	<b>(25)</b>
<b>- Taxable income for IRAP purposes</b>	<b>(3,872)</b>	
<b>Current IRAP on income for the year</b>		<b>(160)</b>

The effective rate of the theoretical tax burden of 4.13% is based on the distribution of the value of production by single region.

The following table shows losses recognised, broken down by year incurred:

	2007	2008	2009	2010	2011	Total
Be S.p.A.	4,990	9,172	1,331	720	1,436	17,649
<b>TOTAL</b>	<b>4,990</b>	<b>9,172</b>	<b>1,331</b>	<b>720</b>	<b>1,436</b>	<b>17,649</b>

The nature of deferred tax assets is broken down in the table below:

	FY 2015		FY 2016	
	Temporary difference	Tax	Temporary difference	Tax
Previous tax losses	17,647	4,368	17,649	4,235
<b>TOTAL</b>	<b>17,647</b>	<b>4,368</b>	<b>17,649</b>	<b>4,235</b>

Although the expected results of the 2017-2019 Plan meet the requirements for the recognition of further deferred tax assets, the Parent Company adopted a prudential approach and did not recognise deferred tax assets on tax losses amounting to Euro 2 thousand. Furthermore, note that in 2016, 80% of the taxable income accrued under the tax consolidation scheme, amounting to Euro 3,060 thousand, was offset by using a part of previous tax losses recognised under the consolidation scheme in 2007.

## 5. Other disclosures

### 5.1 Potential liabilities and disputes pending

Be Think, Solve, Execute S.p.A. is involved in certain legal proceedings before various judicial authorities brought by third parties, and in labour law disputes relating to dismissals challenged by Company employees. Also on the basis of opinions expressed by its legal advisors, Be has allocated provisions for risks totalling Euro 646 thousand, considered sufficient to cover liabilities that could arise from these disputes. With regard to the dispute with Bassilichi (formerly Sapad Servizi S.p.A.), relating to trade receivables due to the company but disputed by the former, note that at this stage of proceedings, there are reasonable grounds that the arguments submitted by Be S.p.A. will be accepted

### 5.2 Commitments

At 31 December 2016, the company has guarantees made to third parties to guarantee property rental contracts, or to meet the requirements of public tenders totalling Euro 80 million, in the interests of subsidiaries.

### 5.3 Non-recurring income and charges

In the year under analysis, the Company did not recognise any non-recurring income or charges pursuant to Consob Resolution no. 15519 of 27 July 2006.

The non-recurring charges refer to non-recurring costs incurred for conciliations with employees, suppliers and customers.

### 5.4 Related Party Transactions

The Company's Board of Directors adopted new "Regulations on Related Parties" on 1 March 2014, replacing those previously approved on 12 March 2010.

For further details, this document is published on the Company web site ([www.be-tse.it](http://www.be-tse.it)).

The related parties of Be S.p.A. with which economic-equity transactions were performed at 31 December 2016 were all of its subsidiaries and the parties listed below: T.I.P. Tamburi Investment Partners S.p.A. and IR Top S.r.l.

With regard to the Intesa Sanpaolo Group, note that in the second quarter of 2016 Imi Investimenti sold its Be S.p.A. shares on the market, lowering its percentage interest to below the significant threshold of 5%. Consequently, for the current year, the Intesa Sanpaolo Group was no longer qualified as a "related party" of Be, pursuant to the regulations on related party transactions adopted by Consob with Resolution no. 17221 of 12 March 2010, as amended, and the related procedure adopted by Be in compliance with the provisions of said Consob Regulation.

With regard to Messrs Stefano Achermann and Carlo Achermann and the companies controlled by them respectively - Innishboffin Srl, iFuture S.r.l. and Carma Consulting S.r.l. - the economic transactions that took place in the period substantially refer to fees paid for the positions of Company Director and, like remuneration for other members of the Board of Directors and Board of Statutory Auditors (refer to section 5.8 in this regard - Fees due to directors and statutory auditors).

The Statement on the following page illustrates the figures at 31 December 2016 for related party transactions.

## Receivables and payables with related parties at 31 December 2016

	<i>Receivables</i>			<i>Payables</i>		
	Trade receivables	Other Receivables	Financial receivables	Trade payables	Other payables	Financial payables
Be Professional S.p.A.	90,826		2,049,048	293,624	1,810,265	
Be Consulting S.p.A.	1,096,846	7,825,392		244,002		12,125,742
Be Solutions S.p.A.	687,056	2,178,253	2,292,518	98,479		
A&B S.p.A. in liquidation		319,802				5,452,889
Be EPS S.p.A.	180,942		16,178,007		1,989,985	
Iquii Srl			11,071			
Be Poland						270,344
i-Be Ltd-Italian Branch	15,000				45,158	1,713,951
i-Be Ltd			1,625,840			
Be Ukraine						
Targit						6,231,300
Be Romania						
Be Sport LTD			682,854			
<b>Total Group Companies</b>	<b>2,070,670</b>	<b>10,323,447</b>	<b>22,839,338</b>	<b>636,105</b>	<b>3,845,408</b>	<b>25,794,226</b>
T.I.P. S.p.A.				36,750		
S. Achermann						
iFuture Power in Action S.r.l.						
Ir Top S.r.l.				20,462		
<b>Total Other Related Parties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57,212</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>2,070,670</b>	<b>10,323,447</b>	<b>22,839,338</b>	<b>693,317</b>	<b>3,845,408</b>	<b>25,794,226</b>

## Receivables and payables with related parties at 31 December 2015

	<i>Receivables</i>			<i>Payables</i>		
	Trade receivables	Other Receivables	Financial receivables	Trade payables	Other payables	Financial payables
Be Professional S.p.A.	78,265		1,781,604	298,863	1,430,869	
Be Consulting S.p.A.	499,661	5,994,650		131,963		13,105,015
Be Solutions S.p.A.	208,810	1,422,197	4,389,969	73,284		
A&B S.p.A. in liquidation		318,424				5,472,624
Be EPS S.p.A.	62,630		14,312,853		1,342,650	
Be Sport Italia			38,960			
i-Be Ltd-Italian Branch	218	113,169	3,464,796			
i-Be Ltd			738,654			
Be Ukraine						
Targit			189,226			3,669,544
Be Romania						
Be Sport LTD			635,983			
<b>Total Group Companies</b>	<b>849,584</b>	<b>7,848,440</b>	<b>25,552,045</b>	<b>504,110</b>	<b>2,773,519</b>	<b>22,247,183</b>
T.I.P. S.p.A.				55,050		
S. Achermann						
iFuture Power in Action S.r.l.						
Intesa Sanpaolo Group			1,357,084	15,250		3,486,454
Ir Top S.r.l.				39,551		
<b>Total Other Related Parties</b>	<b>0</b>	<b>0</b>	<b>1,357,084</b>	<b>109,851</b>	<b>0</b>	<b>3,486,454</b>
<b>TOTAL</b>	<b>849,584</b>	<b>7,848,440</b>	<b>26,909,129</b>	<b>613,961</b>	<b>2,773,519</b>	<b>25,733,637</b>



**Revenue and costs with related parties in 2016**

	<b><i>Revenue</i></b>			<b><i>Costs</i></b>		
	Revenue	Other revenue	Financial income	Services	Other costs	Financial Expense
Be Professional S.p.A.	185,036	236,015	66,458	293,624		
Be Consulting S.p.A.	2,548,330	50,575	64,706	242,797		718
Be Solutions S.p.A.	1,233,102	36,651	103,675	183,304		
A&B S.p.A. in liquidation						49,864
Be EPS S.p.A.	377,140	123,508	393,696	79,820		
Iquii Srl			16			
Be Poland						3,548
i Be Ltd-Italian Branch		15,000	2,194			
i Be Think Solve Execute Ltd			100,216			
Be Ukraine						
Targit			7,566			22,126
Be Romania			3,615			
Be Sport LTD			25,373			
<b>Total Group Companies</b>	<b>4,343,608</b>	<b>461,749</b>	<b>767,515</b>	<b>799,545</b>	<b>0</b>	<b>76,256</b>
T.I.P. S.p.A.				60,000		
S. Achermann						
iFuture Power in Action S.r.l.						
Ir Top S.r.l.				49,036		
<b>Total Other Related Parties</b>				<b>109,036</b>		
<b>TOTAL</b>	<b>4,343,608</b>	<b>461,749</b>	<b>767,515</b>	<b>908,581</b>	<b>0</b>	<b>76,256</b>

**Revenue and costs with related parties in 2015**

	<b><i>Revenue</i></b>			<b><i>Costs</i></b>		
	Revenue	Other revenue	Financial income	Services	Other costs	Financial Expense
Be Professional S.p.A.	215,000	401,245	174,386	319,863		
Be Consulting S.p.A.	2,196,000	49,548	51,233	138,833	779	2,924
Be Solutions S.p.A.	1,179,000	30,919	81,393	141,549		403
A&B S.p.A. in liquidation						89,617
Be EPS S.p.A.	337,000	129,718	536,042	3,106		1
To see S.r.l.		694	27	41		246
Be Sport Italia			519			
i Be Ltd-Italian Branch		4,511	131,713			
i Be Think Solve Execute Ltd			13,661			
Be Ukraine						
Targit			3,996			19,684
Be Romania						
Be Sport LTD			10,143			
<b>Total Group Companies</b>	<b>3,927,000</b>	<b>616,635</b>	<b>1,003,112</b>	<b>603,391</b>	<b>779</b>	<b>112,875</b>
T.I.P. S.p.A.				73,200		
S. Achermann						
iFuture Power in Action S.r.l.						
Intesa Sanpaolo Group			1,931	49,203	317	110,980
Ir Top S.r.l.				103,803		
<b>Total Other Related Parties</b>	<b>0</b>	<b>0</b>	<b>1,931</b>	<b>226,207</b>	<b>317</b>	<b>110,980</b>
<b>TOTAL</b>	<b>3,927,000</b>	<b>616,635</b>	<b>1,005,043</b>	<b>829,598</b>	<b>1,096</b>	<b>223,854</b>

Intercompany transactions serve to optimise mutual synergies and achieve economies of scale. The amounts are aligned with arm's length values and refer solely to trade or financial relations as the individual companies each have extensive independence with regard to decisions of an administrative and operational nature.

More specifically, the Company's financial payables and financial receivables due to or from subsidiaries refer mainly to cash pooling transactions.

In 2016, the Parent Company had a Management Fee contract with its subsidiaries regarding services for centralised functions relating to: the corporate area and group coordination, treasury, auditing, tax assistance and planning, services provided by the Parent Company to its subsidiaries.

With regard to the associated companies Tamburi Investment Partners S.p.A and Ir Top Srl, the amount of payables relates to the payable for the 2016 balance of invoices to be received.

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the impact of related party transactions is illustrated below in table format: (amounts in EUR thousands).

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2016</b>	<b>Absolute value</b>	<b>%</b>	<b>2015</b>	<b>Absolute value</b>	<b>%</b>
Trade receivables	2,663	2,071	78%	1,626	850	52%
Other assets and receivables	10,408	10,323	99%	8,091	7,848	97%
Financial receivables and other current financial assets	22,839	22,839	100%	25,552	25,552	100%
Cash and cash equivalents	25,229	0	0%	14,024	1,357	10%
Financial payables and other financial liabilities	52,062	25,794	50%	39,969	25,734	64%
Trade payables	1,129	693	61%	927	614	66%
Other liabilities and payables	5,899	3,845	65%	3,793	2,774	73%
<b>INCOME STATEMENT</b>	<b>2016</b>	<b>Absolute value</b>	<b>%</b>	<b>2015</b>	<b>Absolute value</b>	<b>%</b>
Revenue	4,344	4,344	100%	3,927	3,927	100%
Other operating revenue	533	462	87%	715	617	86%
Service costs	4,845	909	19%	3,764	830	22%
Other operating costs	399	0	0%	141	1	1%
Net financial expense	3,820	691	18%	3,820	781	20%

The statement of financial position and the income statement below indicate related parties, in accordance with Consob Resolution no. 15519 of 27 July 2006.

## Statement of Financial Position

<i>Amounts in EUR</i>	31.12.2016	of which related parties	31.12.2015	of which related parties
<i>NON-CURRENT ASSETS</i>				
Property, plant and equipment	8,444		27,135	
Goodwill	10,170,000		10,170,000	
Intangible assets	0		3,566	
Equity investments in subsidiaries	39,081,250		38,561,250	
Loans and other non-current assets	556,222		556,222	
Deferred tax assets	4,253,725		4,385,606	
<b>Total non-current assets</b>	<b>54,069,641</b>	<b>0</b>	<b>53,703,779</b>	<b>0</b>
<i>CURRENT ASSETS</i>				
Trade receivables	2,663,316	2,070,670	1,626,091	849,584
Other assets and receivables	10,408,221	10,323,447	8,090,737	7,848,440
Direct tax receivables	131,488		0	
Financial receivables and other current financial assets	22,839,338	22,839,338	25,552,045	25,552,045
Cash and cash equivalents	25,229,473		14,024,222	1,357,084
<b>Total current assets</b>	<b>61,271,836</b>	<b>35,233,455</b>	<b>49,293,094</b>	<b>35,607,153</b>
<b>Total discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>115,341,477</b>	<b>35,233,455</b>	<b>102,996,873</b>	<b>35,607,153</b>
<i>SHAREHOLDERS' EQUITY</i>				
Share capital	27,109,165		27,109,165	
Reserves	19,732,441		18,689,202	
Net profit (loss)	257,349		2,546,305	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>47,098,955</b>	<b>0</b>	<b>48,344,672</b>	<b>0</b>
<i>NON-CURRENT LIABILITIES</i>				
Financial payables and other non-current financial liabilities	15,609,592		8,404,496	
Provisions for future risks and charges	646,672		1,795,194	
Post-employment benefits (TFR)	204,517		161,157	
Deferred tax liabilities	2,745,725		2,444,107	
Other non-current liabilities	5,556,222		5,556,222	
<b>Total Non-current liabilities</b>	<b>24,762,728</b>	<b>0</b>	<b>18,361,175</b>	<b>0</b>
<i>CURRENT LIABILITIES</i>				
Financial payables and other current financial liabilities	36,452,185	25,794,226	31,564,842	25,733,637
Trade payables	1,128,740	693,317	926,770	613,961
Tax payables	0		6,398	
Other liabilities and payables	5,898,869	3,845,408	3,793,015	2,773,519
<b>Total Current liabilities</b>	<b>43,479,793</b>	<b>30,332,951</b>	<b>36,291,026</b>	<b>29,121,117</b>
<b>Total discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>68,242,522</b>	<b>30,332,951</b>	<b>54,652,201</b>	<b>29,121,117</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>115,341,477</b>	<b>0</b>	<b>102,996,873</b>	<b>0</b>

## Income Statement

<i>Amounts in EUR</i>	FY 2016	of which related parties	Of which non- recurring income (charges)	FY 2015	of which related parties	Of which non- recurring income (charges)
Operating revenue	4,343,608	4,343,608		3,927,000	3,927,000	
Other operating revenue and income	532,829	461,749		715,024	616,635	
<b>Total Operating revenue</b>	<b>4,876,436</b>	<b>4,805,357</b>		<b>4,642,024</b>	<b>4,543,635</b>	
Raw materials and consumables	(3,280)			(2,162)		
Service costs	(4,845,236)	(908,581)		(3,763,625)	(829,598)	
Personnel costs	(2,866,620)			(2,453,684)		
Other operating costs	(398,870)			(141,322)	(1,096)	
<i>Amortisation, depreciation and write-downs:</i>						
Depreciation of property, plant and equipment	(19,159)			(24,283)		
Amortisation of intangible assets	(3,566)			(23,166)		
Impairment Loss	(140,000)					
Allocations to provisions	0			(800,000)		
<b>Total Operating costs</b>	<b>(8,276,730)</b>	<b>(908,581)</b>		<b>(7,208,242)</b>	<b>(830,694)</b>	
<b>Operating Profit (Loss) (EBIT)</b>	<b>(3,400,293)</b>	<b>3,896,776</b>		<b>(2,566,217)</b>	<b>3,712,941</b>	
Financial income	4,270,699	767,514		4,517,365	1,005,043	
Financial expense	(518,340)	(76,256)		(696,872)	(223,854)	
Write-down of financial assets	(1,200,000)			0		
<b>Total Financial income/expense</b>	<b>2,552,359</b>	<b>691,258</b>		<b>3,820,494</b>	<b>781,189</b>	
<b>Profit (loss) before tax</b>	<b>(847,934)</b>	<b>4,588,034</b>		<b>1,254,276</b>	<b>4,494,130</b>	
Current income taxes	1,540,177			1,819,398		
Deferred tax assets and liabilities	(434,894)			(527,370)		
<b>Total Income taxes</b>	<b>1,105,283</b>	<b>0</b>		<b>1,292,029</b>	<b>0</b>	
<b>Net profit (loss) from continuing operations</b>	<b>257,349</b>	<b>4,588,034</b>		<b>2,546,305</b>	<b>4,494,130</b>	
<b>Net profit (loss) from discontinued operations</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Net profit (loss)</b>	<b>257,349</b>	<b>0</b>		<b>2,546,305</b>	<b>0</b>	

## Statement of Cash Flows

<i>Amounts in EUR</i>	2016	of which related parties	2015	of which related parties
Net profit (loss)	257,349		2,546,305	
Amortisation, depreciation and write-downs	22,725		47,449	
Non-monetary changes in post-employment benefits (IFR)	45,905		36,722	
Net financial expense in the income statement	(3,752,359)	76,256	(3,820,494)	223,854
Taxes for the year	(1,540,177)		(1,819,398)	
Deferred tax assets and liabilities	434,894		527,370	
Losses on current assets and provisions	1,340,000		800,000	
Other non-monetary changes	3,645		997	
<b>Cash flow from operating activities</b>	<b>(3,188,018)</b>	<b>76,256</b>	<b>(1,681,049)</b>	<b>223,854</b>
Change in trade receivables	(1,177,225)	1,221,087	2,501,110	2,612,554
Change in trade payables	201,970	79,356	(584,454)	(359,680)
Use of bad debt provisions	(1,148,522)		(33,426)	
Other changes in current assets and liabilities	1,190,662	1,403,118	(359,674)	(1,949,222)
Taxes for the year paid	0		(306,022)	
Post-employment benefits paid	0		0	
Other changes in non-current assets and liabilities	(10,651)		4,997,846	
<b>Change in net working capital</b>	<b>(943,766)</b>	<b>2,703,562</b>	<b>6,215,380</b>	<b>(1,023,012)</b>
<b>Cash flow from (used in) operating activities</b>	<b>(4,131,784)</b>	<b>2,779,818</b>	<b>4,534,331</b>	<b>(799,158)</b>
(Purchase) of property, plant and equipment net of disposals	(468)		(1,100)	
(Purchase) of intangible assets net of disposals	0		0	
Cash paid for purchase of share pertaining to third parties	0		0	
<b>Cash flow from (used in) investing activities</b>	<b>(468)</b>		<b>(1,100)</b>	
Change in current financial assets	2,712,707	(4,069,792)	(8,014,075)	(7,619,875)
Change in current financial liabilities	7,696,003	60,589	13,044,282	6,901,012
Change in non-current financial assets/liabilities	7,205,096		2,936,194	(1,687,500)
Financial expense paid	(556,303)	76,256	(748,341)	223,854
Distribution of dividends paid to Company shareholders	(1,500,000)		(750,000)	
Cash paid to purchase equity investment	(220,000)			
<b>Cash flow from (used in) financing activities</b>	<b>15,337,505</b>	<b>(3,932,946)</b>	<b>6,468,060</b>	<b>13,057,241</b>
<b>Cash flow from (used in) discontinued operations</b>	<b>0</b>			
<b>Cash and cash equivalents</b>	<b>11,205,252</b>		<b>11,001,291</b>	
Net cash and cash equivalents - opening balance	14,024,222		3,022,931	1,751,286
Net cash and cash equivalents - closing balance	25,229,473		14,024,222	1,357,084
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,205,251</b>		<b>11,001,291</b>	

### 5.5 Management of financial risk: objectives and criteria

The Company's main financial instruments, other than derivatives, include bank loans, demand and short-term bank deposits. The main objective of these instruments is to fund the Company's operations. The Company has various financial instruments, such as trade payables and receivables, resulting from its operations.

- **Credit risk**

Given the nature of its customers (banks and the public administration), credit risk mainly relates to delays in collecting receivables from Public Administration customers and to any disputes (see note 5.1 and 5.2) regarding the operations previously performed by the Parent Company. In this regard, the Company carefully considers the use of all instruments, including any legal action, to ensure the prompt collection of receivables from Public Administration customers.

- **Interest rate risk**

As the Company's financial payables are owed to the banking system in Euro at a floating interest rate, the Company does not believe that its exposure to any rise in interest rates may increase future financial expense.

The tables included in the sections on current and non-current financial receivables show the book value, by maturity, of the Company's financial instruments that are exposed to interest rate risk.

A hypothetical sudden unexpected 1% change in the interest rate applicable to existing loans in 2016 would result in a higher pre-tax net expense of Euro 144 thousand per year.

## 5.6 Positions deriving from atypical or unusual transactions

In 2016, Be Think, Solve, Execute S.p.A. did not undertake any atypical or unusual transactions as defined in Consob Communication DEM/6064293.

## 5.7 Fees due to the external auditing firm Deloitte & Touche S.p.A. and to its network pursuant to art. 149-duodecies of the Issuers' Regulation

Type	Fee
Auditing services	85,319
<b>Total fees</b>	<b>85,319</b>

No services other than the auditing of the Group's accounts were performed. The independent auditors did not carry out any activities other than auditing the financial statements.

## 5.8 Fees due to directors and statutory auditors of Be S.p.A.

Name and Surname	Position in Be S.p.A.	Term in office	Maturity term in office	Fixed fees	Fees for committee attendance	Var. non-equity fees	Total
<i>Amounts in EUR thousands</i>						<i>Bonus and other incentives</i>	
Antonio Taverna	Chairman	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	100.00			100.00
Stefano Achermann	Chief Executive Officer	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	1,000.00 <sup>(1)</sup>		889.39	1,889.39
Carlo Achermann	Executive Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	600.00 <sup>(2)</sup>		460.03	1,060.03
Claudio Berretti	Non-Executive Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00			20.00
Bernardo Attolico	Non-Executive Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00			20.00
Umberto Quilici	Non-Executive Director Independent Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00	10.00 <sup>(3)</sup>		30.00
Cristina Spagna	Non-Executive Director Independent Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00	10.00 <sup>(4)</sup>		30.00
Anna Lambiase	Non-Executive Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00			20.00
Anna Zattoni	Non-Executive Director Independent Director	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2016	20.00			20.00
Giuseppe Leone	Chairman Board of Statutory Auditors	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2017	22.50			22.50
Stefano De Angelis	Standing Auditor	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2017	15.00			15.00
Rosita Francesca Natta	Standing Auditor	01/01/2016 - 31/12/2016	Approval of financial statements at 31/12/2017	15.00			15.00

Note that, where not indicated, fees from subsidiaries of Be S.p.A. are not received, namely the same are paid back, insofar as they are absorbed in fees allocated pursuant to art. 2389, paragraph 3 of the Italian Civil Code.

The breakdown of the fees paid to individual directors is shown below:

(1) Gross remuneration for the position of Chief Executive Officer of which Euro 425,026.99 for the position of Chief Executive Officer and General Manager of subsidiaries .

(2) Gross remuneration for the position of Director of which Euro 250,000.00 for the position of Chairman of subsidiaries .

(3) Additional remuneration for the position of Chairman of the Control and Risk Committee.

(4) Additional remuneration for the position of Chairman of the Appointments and Remuneration Committee.

## 6. Events after the reporting period at 31 December 2016

No particularly significant events regarding the Company occurred after the end of the year.

## Statement of equity investments of directors, statutory auditors and general managers

Name and Surname	Position	Company	No. of shares held at 31.12.2015	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2016
Antonio Taverna	Chairman	Be S.p.A.				
Stefano Achermann	Chief Executive Officer	Be S.p.A.	21,290,397	-	-	21.290.397 <sup>(1)</sup>
Carlo Achermann	Executive Director	Be S.p.A.	-	-	-	-
Claudio Berretti	Non-Executive Director	Be S.p.A.	-	-	-	-
Bernardo Attolico	Non-Executive Director	Be S.p.A.	-	-	-	-
Anna Lambiase	Non-Executive Director	Be S.p.A.	-	-	-	-
Cristina Spagna	Non-Executive Director Independent Director	Be S.p.A.	-	-	-	-
Umberto Quilici	Non-Executive Director Independent Director	Be S.p.A.	500,000	-	-	500,000 <sup>(2)</sup>
Anna Zattoni	Non-Executive Director Independent Director	Be S.p.A.	-	-	-	-
Giuseppe Leoni	Chairman Board of Statutory Auditors	Be S.p.A.				
Rosita Francesca Natta	Standing Auditor	Be S.p.A.				
Stefano De Angelis	Standing Auditor	Be S.p.A.	-	-	-	-
Andrea Mariani	Standing Auditor	Be S.p.A.	-	-	-	-
Daniele Girelli	Standing Auditor	Be S.p.A.	-	-	-	-

<sup>(1)</sup> Of which 7,771,132 held directly and 13,519,265 held indirectly through iFuture Power in Action S.r.l. (iFuture), a company in which Mr. Stefano Achermann holds 68% of share capital

<sup>(2)</sup> Held by spouse Mrs Paola Croce Casalena.

Milan, 14 March 2017.

/signed/ Stefano Achermann  
For the Board of Directors  
Chief Executive Officer



## **Certification of 2016 Financial Statements pursuant to art. 81-ter, Consob Regulation no. 11971 of 14 May 1999, as amended**

1. Having considered the provisions of art. 154-bis, paragraphs 3 and 4, Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Stefano Achermann and Manuela Mascarini, respectively Chief Executive Officer and Executive in charge of preparing the company's accounting documents of Be Think, Solve, Execute S.p.A., hereby confirm:

- the adequacy in relation to the business characteristics, and
- the effective application of administrative accounting procedures to prepare the financial statements at 31 December 2016.

2. It is also confirmed that:

2.1 the financial statements:

- a) were prepared in compliance with international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of Council, of 19 July 2002;
- b) correspond with the accounting entries and records;
- c) provide a true and fair view of the equity, economic and financial position of the issuer;

2.2 The management report contains a reliable analysis of the performance and the results of operations, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

**Milan, 14 March 2017.**

/signed/ Manuela Mascarini

Executive in charge of preparing  
the company's accounting documents

*Manuela Mascarini*

/signed/ Stefano Achermann

Chief Executive Officer

*Stefano Achermann*

# *Be Think, Solve, Excute S.p.A.*

## RELAZIONE DEL COLLEGIO SINDACALE AI SENSI DELL'ARTICOLO 153 D. LGS. N. 58/1998

All'Assemblea degli Azionisti di Be Think, Solve, Excute S.p.A..

Nel corso dell'esercizio chiuso al 31 dicembre 2016 abbiamo svolto l'attività di vigilanza prevista dalla legge e dallo Statuto, secondo i Principi di Comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e le indicazioni del Codice di Autodisciplina promosso dal Comitato per la *corporate governance* di Borsa Italiana S.p.A., e di cui riferiamo con la presente relazione redatta tenendo anche conto delle raccomandazioni fornite dalla Consob con Comunicazione n. 1025564 del 6 aprile 2001 e suoi successivi aggiornamenti.

Avuto riguardo alle modalità con cui si è svolta l'attività di nostra competenza nel corso dell'esercizio in esame, diamo atto:

- di aver partecipato alle riunioni dell'Assemblea degli Azionisti e del Consiglio di Amministrazione tenutesi nel corso dell'esercizio in parola ed ottenuto dagli Amministratori tempestive ed idonee informazioni sull'andamento della gestione e sulla sua prevedibile evoluzione nonché sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dal Gruppo di imprese che questa controlla, secondo le disposizioni di legge e di statuto; diamo atto inoltre che il Collegio Sindacale ha sempre partecipato, tramite uno o più dei suoi membri, alle riunioni del Comitato per il Controllo e Rischi e del Comitato per le Nomine e la Remunerazione;
- di aver acquisito gli elementi di conoscenza necessari per svolgere l'attività di nostra competenza sull'osservanza della legge e dello statuto, sul rispetto dei principi di corretta amministrazione, sul grado di adeguatezza della struttura organizzativa della Società e dei sistemi di controllo interno e amministrativo-contabile, mediante indagini dirette, raccolta di informazioni dai responsabili delle funzioni interessate, scambi di dati e di informazioni rilevanti con la società incaricata della revisione legale dei conti;

- di aver effettuato, ai sensi dell'art. 19 del D.Lgs. n. 39/2010, nella versione originaria, in qualità di Comitato per il controllo interno e la revisione contabile, l'attività di vigilanza ivi prevista con riferimento a: a) il processo di informativa finanziaria; b) l'efficacia dei sistemi di controllo interno e di gestione del rischio e della revisione interna; c) la revisione legale del bilancio separato e consolidato; d) l'indipendenza della società di revisione legale, mediante indagini dirette, ottenimento di informazioni dai responsabili delle rispettive funzioni, analisi dei risultati del lavoro svolto dalla società di revisione;
- di aver recepito i risultati delle verifiche trimestrali sulla corretta tenuta della contabilità svolte dalla società incaricata della revisione legale dei conti;
- di aver ricevuto dalla stessa società di revisione le Relazioni previste dall'art. 14 e dall'art. 19, 3° co., del D.Lgs. n. 39/2010, nella versione originaria e di aver discusso con la Società stessa i contenuti della Relazione di cui all'art. 19 3° comma senza che siano emersi aspetti degni di rilievo;
- di aver ricevuto dalla medesima società di revisione, ai sensi dell'art. 17, co. 9°, lett. a) del D.Lgs. n. 39/2010, nella versione originaria, la conferma annuale della propria indipendenza;
- di aver analizzato, ai sensi dell'art. 17, co. 9°, lett. b) del D.Lgs. n. 39/2010, nella versione originaria, i rischi relativi all'indipendenza della società di revisione legale dei conti e le misure da essa adottate per limitare tali rischi;
- di aver monitorato la funzionalità del sistema di controllo sulle società partecipate e l'adeguatezza delle disposizioni ad esse impartite, anche ai sensi dell'art. 114, comma 2 del D.Lgs. n. 58/1998;
- di aver monitorato le concrete modalità di attuazione delle regole di governo societario previste dal Codice di Autodisciplina delle società quotate promosso da Borsa Italiana S.p.A., come adottate dalla Società;
- di aver vigilato sul processo di aggiornamento del Modello di Organizzazione, Gestione e Controllo di cui al D.Lgs. n. 231/2001 e successive modifiche per tenere conto dell'ampliamento dell'ambito della normativa;

- di aver vigilato, ai sensi dell'art. 4, co. 6° del Regolamento approvato dalla Consob con Delibera n. 17221 del 12 marzo 2010, sul rispetto della Procedura in materia di operazioni con parti correlate;
- di aver verificato l'assenza di aspetti rilevanti che gli organi di controllo delle società controllate avessero da comunicare;
- di aver verificato l'osservanza delle norme di legge e regolamentari inerenti la formazione, l'impostazione e gli schemi del bilancio separato e del bilancio consolidato nonché dei relativi documenti di corredo. Abbiamo altresì verificato la conformità della Relazione sulla gestione alle leggi e ai regolamenti vigenti e la sua coerenza con le deliberazioni del Consiglio di Amministrazione;
- di aver accertato l'adeguatezza, sotto il profilo del metodo, del processo di *impairment test* posto in essere per accertare l'esistenza di eventuali perdite di valore sugli attivi iscritti a bilancio assoggettabili a tale procedura;
- di aver preso atto, sulla base delle dichiarazioni degli Amministratori e delle valutazioni espresse dal Consiglio di Amministrazione, che i criteri e le procedure di accertamento dell'indipendenza dei propri membri sono state correttamente applicate dal medesimo Consiglio.

All'esito della nostra attività di vigilanza, svolta secondo le modalità sopra descritte, non sono emersi fatti significativi tali da richiederne la segnalazione agli Organi di Vigilanza, né abbiamo proposte da formulare in ordine al bilancio, alla sua approvazione ed alle materie di nostra competenza.

\* \* \*

Le specifiche indicazioni da fornire con la presente relazione vengono elencate nel seguito, secondo quanto previsto dalla sopra menzionata Comunicazione Consob del 6 aprile 2001 e suoi successivi aggiornamenti.

- Abbiamo acquisito adeguate informazioni sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate da Be Think, Solve, Execute S.p.A. e dalle società da questa controllate, constatando la loro conformità alla legge ed allo statuto sociale; di dette operazioni gli Amministratori forniscono adeguata informativa nella Relazione sulla gestione; abbiamo altresì ottenuto informazioni e ci siamo assicurati che

le operazioni deliberate e/o poste in essere non fossero manifestamente imprudenti o azzardate, in contrasto con le delibere assunte o in potenziale conflitto di interessi o, comunque, tali da compromettere l'integrità del patrimonio sociale.

- Ci sono state fornite adeguate informazioni sulle operazioni infragruppo e con parti correlate. Sul fondamento delle informazioni acquisite, abbiamo accertato che tali operazioni sono conformi alla legge e allo statuto, sono rispondenti all'interesse sociale e non sono suscettibili di dar luogo a dubbi in ordine alla correttezza e alla completezza della relativa informativa di bilancio, alla sussistenza di situazioni di conflitto di interessi, alla salvaguardia del patrimonio aziendale ed alla tutela degli azionisti di minoranza; le verifiche periodiche ed i controlli svolti presso la Società non hanno evidenziato l'effettuazione di operazioni atipiche e/o inusuali.
- Nella Relazione sulla gestione e nelle Note esplicative ed integrative, gli Amministratori forniscono adeguata informativa sulle principali operazioni poste in essere nonché sui rapporti intercorsi tra Be Think, Solve, Execute S.p.A., le società del gruppo di appartenenza e/o parti correlate.
- La società incaricata della revisione legale dei conti Deloitte & Touche S.p.A. ha emesso, in data odierna, le relazioni di revisione di cui all'art. 14 del D.Lgs. n. 39/2010 relative ai bilanci separato e consolidato chiusi al 31 dicembre 2016, comprendenti anche il giudizio di coerenza previsto dall'art. 14, 2° co., lett. e), del D.Lgs. n. 39/2010 e dall'art. 123 bis del D.Lgs. n. 58/1998, senza rilievi o richiami di informativa.
- Non ci sono pervenute denunce ex art. 2408 Cod. Civ. o esposti né abbiamo avuto notizia di esposti pervenuti ad altri.
- Nel corso dell'esercizio 2016, la Società e le società del Gruppo non hanno conferito a società appartenenti alla rete della società di revisione incarichi diverse dall'attività di revisione.
- Nel corso dell'esercizio in esame, abbiamo rilasciato un pareri ai sensi dell'art. 2389 Cod. Civ..
- Nel corso dell'esercizio 2016, si sono tenute n. 9 riunioni del Consiglio di amministrazione, n. 6 riunioni del Comitato per il Controllo e Rischi, n. 4 riunioni del Comitato per le Nomine e la Remunerazione; nel corso del medesimo esercizio, il Collegio Sindacale si è riunito n. 8 volte.

- Non abbiamo particolari osservazioni da segnalare sul rispetto dei principi di corretta amministrazione, che appaiono essere stati costantemente osservati, e sull'adeguatezza della struttura organizzativa, di cui abbiamo riscontrato l'idoneità al soddisfacimento delle esigenze gestionali e di controllo sull'operatività aziendale.
- Il sistema di controllo interno ci é apparso adeguato alle caratteristiche dimensionali e gestionali della Società, come accertato anche nel corso delle riunioni del Comitato per il Controllo e Rischi. Inoltre, il Responsabile della Direzione Internal Auditing di Gruppo ha assicurato il necessario collegamento funzionale ed informativo sulle modalità di svolgimento dei propri compiti istituzionali di controllo nonché sugli esiti delle verifiche poste in essere, anche mediante la partecipazione a riunioni del Collegio Sindacale.
- Non abbiamo osservazioni da svolgere sull'adeguatezza del sistema amministrativo-contabile e sulla sua affidabilità a rappresentare correttamente i fatti di gestione; con riferimento all'informativa contabile contenuta nei bilanci separato e consolidato al 31 dicembre 2016 è stata resa l'attestazione dell'Amministratore Delegato e del Dirigente Preposto alla redazione dei documenti contabili societari ai sensi dell'art. 154-*bis*, comma 5 del D.Lgs. 58/1998 e dell'art. 81-*ter* del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni.
- Non abbiamo osservazioni da formulare sull'adeguatezza dei flussi informativi resi dalle società controllate alla Capogruppo volti ad assicurare il tempestivo adempimento degli obblighi di comunicazione previsti dalla legge.
- Nel corso dei periodici scambi di dati e di informazioni tra il Collegio Sindacale e i Revisori, ai sensi anche dell'art. 150, comma 3 del D.Lgs. n. 58/1998, non sono emersi aspetti che debbano essere evidenziati nella presente relazione.
- La Società ha aderito in maniera sostanziale alle raccomandazioni contenute nel Codice di Autodisciplina predisposto dal Comitato per la Corporate Governance delle società quotate ed ha illustrato il proprio modello di governo societario nell'apposita Relazione, redatta anche ai sensi dell'art. 123-*bis* del D.Lgs. n. 58/1998. Per quanto di nostra competenza, abbiamo vigilato sulle modalità di concreta attuazione delle regole di governo societario previste dal sopra richiamato Codice di Autodisciplina, come adottate dalla Società, curando, fra l'altro, che nella Relazione sul governo societario venissero esposti gli esiti della periodica verifica del Collegio Sindacale in merito alla sussistenza

in capo ai Sindaci dei requisiti di indipendenza, determinati in base ai medesimi criteri previsti con riferimento agli Amministratori indipendenti dal predetto Codice di Autodisciplina. La Società, relativamente a quanto statuito dal D.Lgs. n. 231/2001, ha adottato, implementato e tenuto aggiornato nel tempo un “Modello Organizzativo” di comportamento e regolamentazione dell’attività provvedendo alla costituzione dell’Organismo di Vigilanza previsto dalla normativa. Relativamente all’aggiornamento del Modello Organizzativo si segnala che sono in corso le attività di analisi del rischio di alcuni reati presupposto, di recente introduzione, finalizzate a definire gli adeguamenti necessari. La Società ha inoltre adottato un Codice Etico di comportamento.

- La nostra attività di vigilanza si é svolta nel corso dell'esercizio 2016 con carattere di normalità e da essa non sono emerse omissioni, fatti censurabili o irregolarità da rilevare. A compendio dell'attività di vigilanza svolta nell'esercizio non abbiamo proposte da formulare ai sensi dell'art. 153, comma 2 del D.Lgs. n. 58/1998, in ordine al bilancio separato al 31 dicembre 2016 alla sua approvazione e alle materie di nostra competenza, così come nulla abbiamo da osservare sulla proposta di destinazione dell'utile di esercizio formulata dal Consiglio di Amministrazione.

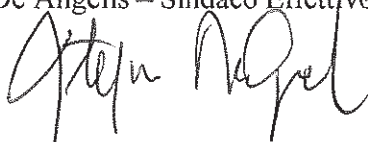
Milano, ~~21~~ 31 marzo 2017

IL COLLEGIO SINDACALE

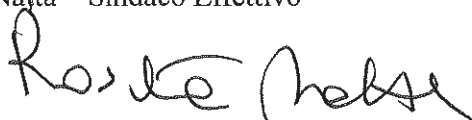
Dott. Giuseppe Leoni – Presidente del Collegio Sindacale



Dott. Stefano De Angelis – Sindaco Effettivo



Dott.ssa Rosita Natta – Sindaco Effettivo



## RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DEGLI ARTT. 14 E 16 DEL D. LGS. 27 GENNAIO 2010, N. 39

### **Agli Azionisti della Be Think, Solve, Execute S.p.A.**

#### **Relazione sul bilancio d'esercizio**

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Be Think, Solve, Execute S.p.A., costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2016, conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

#### *Responsabilità degli Amministratori per il bilancio d'esercizio*

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

#### *Responsabilità della società di revisione*

E' nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11 del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli Amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

#### *Giudizio*

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Be Think, Solve, Execute S.p.A. al 31 dicembre 2016, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.



## **Relazione su altre disposizioni di legge e regolamentari**

*Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio d'esercizio*

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n.720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs.58/98, la cui responsabilità compete agli Amministratori della Be Think, Solve, Execute S.p.A., con il bilancio d'esercizio della Be Think, Solve, Execute S.p.A. al 31 dicembre 2016. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Be Think, Solve, Execute S.p.A. al 31 dicembre 2016.

DELOITTE & TOUCHE S.p.A.



**Stefano Marnati**

Socio

Milano, 31 marzo 2017