Annual Financial Report 2017

Be

2008 - 2018

10th ANNIVERSARY

Annual Financial Report 2017

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

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Management Report

1. Corporate Bodies

Board of Directors

- **Carlo Achermann** *Chairman*
- **Stefano Achermann** *Chief Executive Officer*
- **Claudio Berretti** *Director*
- **Anna Lambiase** *Director*
- **Cristina Spagna** *Independent Director*
- **Paola Tagliavini** *Independent Director*
- **Davide Dattoli** *Independent Director*
- **Gianluca Antonio Ferrari** *Independent Director*
- **Alberto Mocchi** *Independent Director*

The Board of Directors was appointed by the Shareholders' Meeting of 27 April 2017 for 3 years, with term of office expiring on approval of the financial statements at 31 December 2019. Board Director Alberto Mocchi was co-opted pursuant to art. 2386 of the Italian Civil Code on 19 July 2017 following the resignation of Board Director Umberto Quilici.

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

- **Paola Tagliavini** *Independent Chairperson*
- **Alberto Mocchi** *Independent Member*
- **Gianluca Antonio Ferrari** *Independent Member*

The Control and Risk Committee was appointed by Board of Directors' resolution on 27 April 2017 for 3 years, expiring on approval of the financial statements at 31 December 2019.

Remuneration and Appointments Committee

- **Cristina Spagna** *Independent Chairperson*
- **Claudio Berretti** *Member*
- **Davide Dattoli** *Independent Member*

The appointment of the Remuneration and Appointments Committee was renewed by Board of Directors' resolution on 27 April 2017 for 3 years, expiring on approval of the financial statements at 31 December 2019.

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 2017	FY 2016
Value of production	129.7	136.7
EBITDA	17.2	16.2
EBIT	9.0	9.2
Profit (loss) before tax	7.7	7.5
Net profit (loss)	4.5	4.2

Key equity and financial indicators

	31.12.2017	31.12.2016
Group Shareholders' equity	52.8	50.6
Net Invested Capital	59.1	52.7
Net Operating Working Capital (NOWC)	13.6	10.5
Net Financial Position	(5.5)	(1.6)

Value of production by operating segment

	FY 2017	FY 2016
Business Consulting	98.3	102.3
ICT Solutions	31.3	34.3
Other	0.1	0.1
TOTAL	**129.7**	**136.7**

Value of production by customer type

	FY 2017	FY 2016
Banks	105.0	112.9
Insurance	13.2	13.6
Industry	9.3	10.2
Public Administration	2.1	0.9
Other	0.1	0.0
TOTAL	**129.7**	**136.7**

Value of production by geographic area

	FY 2017	FY 2016
Italy	75.6	79.7
DACH Region (Germany, Austria, Switzerland)	37.5	33.9
U.K.	13.5	19.1
Other	3.1	4.0
TOTAL	**129.7**	**136.7**

Group Headcount

	31.12.2017	31.12.2016
Executives	106	99
Middle managers	117	123
White-collar staff	875	845
Blue collar	2	2
Apprentices	14	16
TOTAL	**1,114**	**1,085**

3. Group Structure and Shareholders

The Be Group (Be for short) 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, Austria, Poland, the Ukraine, Spain and Romania, in 2017 the Group recorded a total value of production of Euro 129.7 million.

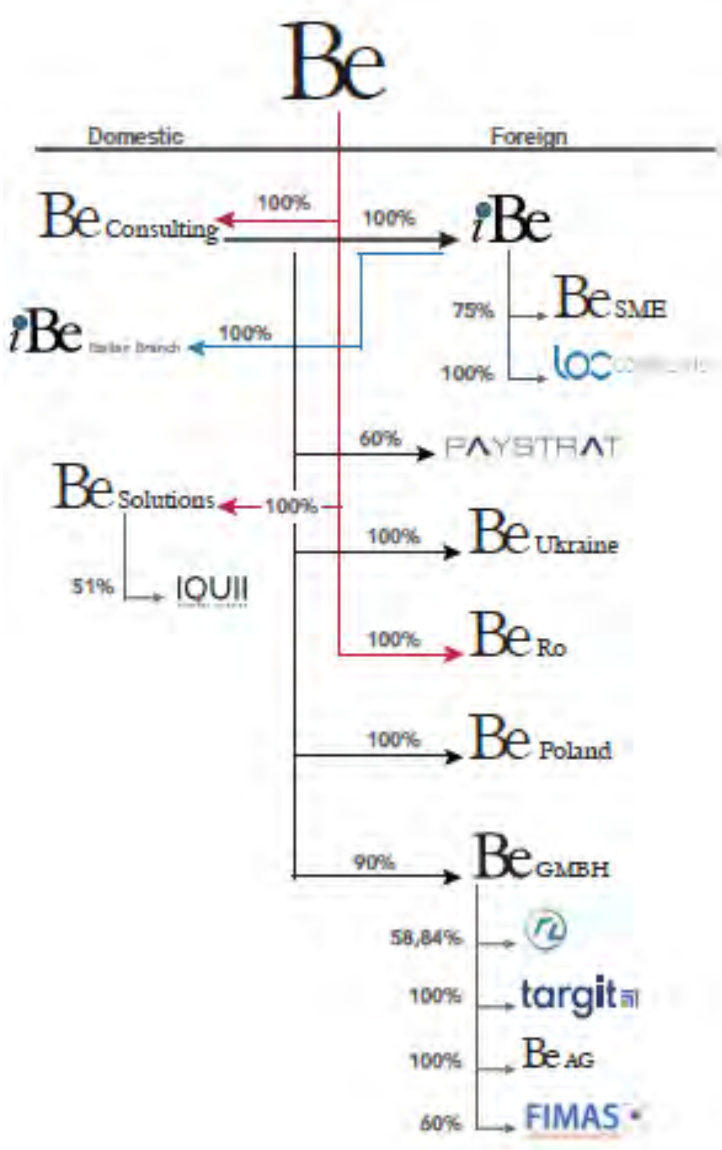
Be Think, Solve, Execute S.p.A. (**Be S.p.A.** for short), listed in the Segment for High Requirement Shares (STAR) of the Electronic Share Market (MTA), performs management and coordination activities for the Group companies pursuant to art. 2497 et seq. of the Italian Civil Code, through control and 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.

At 31 December 2017, 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
Axxion S.A.	Luxembourg	13,476,237	9.99
Stefano Achermann	Italian	7,771,132	5.76
LOYS Investment S.A.	Luxembourg	6,893,251	5.11
Float		**61,655,162**	**45.71**
Total		**134,897,272**	**100.00**

The following chart shows the **Be Group** structure at 31 December 2017[1].



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 the different specialisations of business consulting, the provisions of solutions and platforms and the professional services of the ICT Solutions segment.

[1] *The table above does not include Paystrat Solutions SL (Pyngo), 65.26% of which is held by Payments and Business Advisors S.L (Paystrat) and Confinity GmbH, 50% of which is held by Fimas Gmbh.*

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;

No. of employees	609 at 31 December 2017.
Core business	Banking, Insurance.
Segment revenue at 31 December 2017	Euro 98.3 million.
Operating units	Rome, Milan, London, Kiev, Warsaw, Munich, Vienna, Zurich, Frankfurt, Madrid.

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 holds 100% of Be Consulting S.p.A.'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 S.p.A. has held 100% of the company's share capital. In 2014, the company changed its name from the previous Bluerock Consulting Ltd.
- **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. iBe TSE Limited holds 100% of the company's share capital.
- **Be Ukraine LLC.** Established in Kiev in December 2012, it performs consulting and development activities for core banking systems and in the areas of accounting and bank reporting. Since the second quarter of 2017, Be Consulting S.p.A. has held 100% of the company's share capital.
- **Be Poland Think, Solve and Execute, sp zo.o.** Established in Warsaw in January 2013, since the second quarter of 2017, Be Consulting S.p.A. has held 100% of the company's share capital.
- **Be Think, Solve Execute GmbH (formerly Targit GmbH).** Company based in Munich, it specialises in ICT consulting services, primarily on the German, Austrian and Swiss markets, operating through its two wholly owned subsidiaries, Targit GmbH Wien based in Vienna and Be TSE Switzerland AG based in Zurich. From the second half of 2017, Be Consulting S.p.A. controls the Group with a 90.00% interest.

- **R&L AG.** A company whose registered office is close to Munich 58.84% of which is owned by Be Think, Solve Execute GmbH, specialised in Consulting and IT solutions in the Payments sector and specifically as regards SWIFT.
- **FIMAS GmbH.** A company based in Frankfurt, 60% of which is held by Be Think, Solve Execute GmbH, specialised in consulting services and IT for asset managers, Stock Markets, CSD, clearing houses and custodian banks. The company has a 50% interest in Confinity GmbH.
- **Payments and Business Advisors S.L.** (**Paystrat** for short). A company based in Madrid, 60% of which is held by Be Consulting S.p.A., specialised in advisory services for operators in the payments industry, in areas such as digital wallets, loyalty and market intelligence. The company has a 65.26% interest in Paystrat Solutions S.L.

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;

No. of employees	460 at 31 December 2017.
Core Businesses	Banking, Insurance, Energy and Public Administration.
Segment revenue at 31 December 2017	Euro 31.3 million.
Operating units	Rome, Milan, Turin, Spoleto, Pontinia, Bucharest.

The 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. Note that on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise, Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. These companies operate in the segment of ICT services and the development of services, solutions and platforms in BPO/DMO with a view to implementing/managing "Business Process Outsourcing", namely the outsourcing of entire business processes through the use of technological solutions and the contribution of specialised resources. The deed of merger became effective, for civil law purposes, from 1 October 2017; for the sole purposes of article 2501-*ter* no. 6 of the Italian Civil Code, the transactions of the incorporated companies were recognised in the financial statements of the incorporating company from 1 January 2017 and it became effective for tax purposes from the same date.
- **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.

5. Events involving the Group in 2017

Important resolutions of the Shareholders' Meeting

On 27 April 2017, the Shareholders' Meeting of Be, met in an ordinary and extraordinary session, on second call, and resolved on the following: consolidated income statement and statement of financial position results of the Parent Company Be S.p.A. at 31 December 2016, allocation of the profit for 2016, report on remuneration pursuant to art. 123-*ter* of Italian Legislative Decree 58 of 24 February 1998, appointment of the new Board of Directors, purchase and allocation of own shares, amendment of art. 2 of the Articles of Association.

Events important to business development

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 Be Think, Solve Execute 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. 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., the 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 20% by 2025.

In April, Be increased its shareholding in its German subsidiary Targit GmbH to 90%, changing its name to Be TSE GmbH: the transaction took place through the purchase of a further 23.33% from Rudiger Borsutzki, the current CEO and one of the company's founders. The price paid for 23.33% of the share capital was set as Euro 1.4 million. The agreement envisages an option for Be to purchase the remaining portion of 10% in 2022.

In April-May, Be Consulting S.p.A. acquired - from several foreign subsidiaries - the shareholdings held by its subsidiary iBe Ltd: 66.67% of Be TSE GmbH (in April), 95% of Be Ukraine Think Solve Execute Llc (in April) and 93% of Be Poland Think Solve Execute (in May), as well as the residual shareholdings held by third parties, corresponding to 7%, bringing its investment in the company to 100%.

In July, the R&L AG - the German company of the Be Group specialised in Payments - renewed its contract with the German Central Bank (Deutsche BundesBank) to sustain the project to develop the payment infrastructure in Germany and Europe. The new contract is worth Euro 1 million and will last two years.

In September 2017, Be signed an international partnership agreement with Murex, a leader in software solutions for the Capital Markets. By virtue of this agreement, Be has become one of Murex's European partners, and seeks to increase its market share in the professional services segment in Italy and in Europe.

In September 2017, Be won an important contract to provide assistance to one of the European Systemically Important Financial Institutions (SIFI) in the management of the ICT platform to support the Capital Markets business. The overall value of the 2017-2020 contract is Euro 11 million, and it will enable Be to strengthen its position in a strategic area for the financial sector. The contract envisages managing the development of the infrastructure platform (over 8,000 servers and 400 hypervisors) for the next 3 years. Note that on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise, Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. These companies operate in the ICT services and BPO segment and their merger forms a single economic entity. The deed of merger became effective, for civil law purposes, from 1 October 2017; for the sole purposes of article 2501-*ter* no. 6 of the Italian Civil Code, the transactions of the incorporated companies were recognised in the financial statements of the incorporating company from 1 January 2017 and it became effective for tax purposes from the same date.

In October, the Group won a first order, in a pool with another leading consulting company, to provide support to the Friuli Venezia Giulia Regions and the Independent Provinces of Trento and Bolzano in monitoring projects funded by the ERDF (European Regional Development Fund) and by the ESF (European Social Fund). The Framework Agreement signed envisages direct business activities of the Group worth Euro 1.1 million and enables Be to launch its own advisory unit in the Public sector.

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 32 of 2 February 2007, the Management Report of the 2017 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 Interest, Tax, Depreciation & Amortization (EBITDA) - an indicator not envisaged by the IFRS (Communication CERS/05-178b).

6.1 Group operating performance

The Value of Production amounted to Euro 129.7 million, compared to Euro 136.7 million in 2016.

Operating revenue amounted to Euro 127.7 million, compared to Euro 135.6 million in 2016. Operating costs decreased by around Euro 8.0 million compared to the previous year (-6.6%), in particular:

- service costs were around Euro 51.0 million (-14.8%);
- personnel costs totalled Euro 63.3 million (+3.2%);
- the capitalisation of costs, mainly related to personnel working on projects to develop in-house software platforms, amounted to Euro 3.4 million (+44.0%).

The Gross Operating Margin (EBITDA) was Euro 17.2 million, up 6.1% compared to 2016 (Euro 16.2 million). The EBITDA margin was 13.2% against 11.8% in 2016.

Amortisation and depreciation totalled Euro 6.2 million, against Euro 5.9 million last year. Provisions and write-downs amounted to Euro 1.9 million, against Euro 1.1 million last year.

Operating profit (loss) (EBIT) was Euro 9.0 million, substantially in line with 2016 (Euro 9.2 million). The EBITDA Margin stood at 7.0%, against 6.7% in 2016.

Profit (loss) before tax from continuing operations was Euro 7.7 million, up 3.9% compared to 2016 (Euro 7.5 million).

Taxes for FY 2017 amounted to Euro 2.6 million, compared to Euro 2.9 million last year.

Group net profit was Euro 4.5 million, against a profit of Euro 4.2 million in 2016.

At 31 December 2017, 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 2017, and is compared to the amounts of the previous year.

Restated Consolidated Income Statement

Amounts in EUR thousands	**FY 2017**	**FY 2016**	**Δ**	**Δ (%)**
Operating revenue	127,721	135,648	(7,927)	(5.8%)
Other revenue and income	2,026	1,077	949	88.1%
Value of production	**129,747**	**136,725**	**(6,978)**	**(5.1%)**
Cost of raw materials and consumables	(253)	(284)	31	(10.9%)
Cost of services and use of third-party assets	(50,950)	(59,825)	8,875	(14.8%)
Personnel costs	(63,309)	(61,337)	(1,972)	3.2%
Other costs	(1,500)	(1,488)	(12)	0.8%
Internal capitalisations	3,427	2,380	1,047	44.0%
Gross Operating Margin (EBITDA)	**17,162**	**16,171**	**991**	**6.1%**
Amortisation and depreciation	(6,229)	(5,891)	(338)	5.7%
Write-downs and provisions	(1,888)	(1,086)	(802)	73.8%
Operating Profit (Loss) (EBIT)	**9,045**	**9,194**	**(149)**	**(1.6%)**
Net financial income and expense	(1,297)	(1,741)	444	(25.5%)
Effect of measurement at equity	(3)	0	(3)	n.a.
Profit (loss) before tax from continuing operations	**7,745**	**7,453**	**292**	**3.9%**
Taxes	(2,570)	(2,886)	316	(10.9%)
Net profit (loss) from continuing operations	**5,175**	**4,567**	**608**	**13.3%**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Consolidated net profit (loss)	**5,175**	**4,567**	**608**	**13.3%**
Net profit (loss) attributable to minority interests	697	321	376	n.a.
Group net profit (loss)	**4,478**	**4,246**	**232**	**5.5%**

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

Value of production by operating segment

Amounts in EUR millions	FY 2017	%	FY 2016	%	Δ (%)
Business Consulting	98.3	75.8%	102.3	74.8%	(3.9%)
ICT Solutions	31.3	24.1%	34.3	25.1%	(8.7%)
Other	0.1	0.1%	0.1	0.1%	0.0%
TOTAL	**129.7**	**100.0%**	**136.7**	**100.0%**	**(5.1%)**

The breakdown of the Value of production by professional service area shows a prevalence of the Business Consulting segment corresponding to 75.8% of total value of production, while the remainder is generated by the ICT Solutions segment.

In 2017, the Business Consulting segment recorded a decrease in the value of production of 3.9%, falling from Euro 102.3 million to Euro 98.3 million, while the ICT Solutions segment recorded a decrease of 8.7%, falling from Euro 34.3 million to Euro 31.3 million.

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

Value of production by customer type

Amounts in EUR millions	FY 2017	%	FY 2016	%	Δ (%)
Banks	105.0	81.0%	112.0	81.9%	(6.3%)
Insurance	13.2	10.2%	13.6	9.9%	(2.9%)
Industry	9.3	7.2%	10.2	7.5%	(8.8%)
Public Administration	2.1	1.6%	0.9	0.7%	n.a.
Other	0.1	0.0%	0.0	0.0%	n.a.
TOTAL	**129.7**	**100.0%**	**136.7**	**100.0%**	**(5.1%)**

The breakdown of the Value of Production by geographic area is also provided below:

Value of production by geographic area

Amounts in EUR millions	FY 2017	%	FY 2016	%	Δ (%)
Italy	75.6	58.3%	79.7	58.3%	(5.2%)
DACH Region (Germany, Austria, Switzerland)	37.5	28.9%	33.9	24.8%	10.7%
U.K.	13.5	10.4%	19.1	14.0%	(29.6%)
Other	3.1	2.4%	4.0	2.9%	(21.3%)
TOTAL	**129.7**	**100.0%**	**136.7**	**100.0%**	**(5.1%)**

Lastly, note that 58.3% of 2017 production is generated by the domestic market, while the remaining 41.7% by the foreign market. The DACH Region (DE, AUT and SUI) continues to account for a significant and growing share, contributing Euro 37.5 million to revenue generation, while the UK market recorded a downtrend, generating Euro 13.5 million and the remaining markets recorded revenues of Euro 3.1 million.

6.2 Breakdown of Group equity and financial positions

A summary consolidated statement of financial position at 31 December 2017 is shown below, compared to the same statement at 31 December 2016.

Restated Statement of Financial Position

Amounts in EUR thousands	**31.12.2017**	**31.12.2016**	**Δ**	**Δ (%)**
Non-current assets	85,995	81,888	4,107	5.0%
Current assets	28,600	27,167	1,433	5.3%
Non-current liabilities	(22,097)	(23,376)	1,279	(5.5%)
Current liabilities	(33,418)	(33,013)	(405)	1.2%
Net Invested Capital	**59,080**	**52,666**	**6,414**	**12.2%**
Shareholders' Equity	53,563	51,060	2,503	4.9%
Net Financial Indebtedness	5,517	1,606	3,911	n.a.

Non-current assets are mostly represented by goodwill (Euro 59.7 million), recognised at the time of business combinations, intangible assets (Euro 17.1 million) mostly relating to software, technical fixed assets (Euro 1.9 million), deferred tax assets (Euro 4.7 million) and receivables and other non-current assets (Euro 2.2 million).

Current assets recorded a rise of Euro 1.4 million compared to 31 December 2016, due mainly to the increase in trade receivables for Euro 2.3 million and the decrease in receivables and other current assets, inventories and tax receivables totalling Euro 0.9 million.

Non-current liabilities mostly refer to payables for post-employment benefits (TFR) of Euro 6.9 million, deferred tax liabilities of Euro 6.2 million and provisions for risks and charges of Euro 2.2 million, plus other liabilities of Euro 6.8 million, of which Euro 0.7 million refer to the remaining share of the discounted price for the future acquisition of minority interests in Be Think, Solve Execute GmbH, Euro 0.6 million to the remaining share of the discounted price for the future acquisition of minority interests in R&L AG, Euro 0.3 million to the residual share of the price payable to former shareholders of Loc Consulting Ltd, Euro 1.2 million to the remaining share of the discounted price payable to former shareholders of Iquii S.r.l., Euro 1.5 million to the remaining share of the discounted price payable to former shareholders of Fimas GmbH and Euro 1.8 million to the remaining share of the discounted price payable to the former shareholders of Paystrat.

Current liabilities - mostly comprised of trade payables of Euro 11.7 million and other liabilities, including advances and payables for indirect taxes totalling Euro 21.7 million - recorded an overall rise of Euro 0.4 million.

Consolidated shareholders' equity was Euro 53.6 million, compared to Euro 51.1 million at 31 December 2016.

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.

Amounts in EUR thousands	**31.12.2017**	**31.12.2016**	**Δ**	**Δ (%)**
Inventories	15	39	(24)	(61.5%)
Trade receivables	25,240	22,935	2,305	10.1%
Trade payables	(11,667)	(12,477)	810	(6.5%)
Net Operating Working Capital (NOWC)	**13,588**	**10,497**	**3,091**	**29.4%**
Other short-term receivables	3,345	4,193	(848)	(20.2%)
Other short-term liabilities	(21,751)	(20,536)	(1,215)	5.9%
Net Working Capital (NWC)	**(4,818)**	**(5,846)**	**1,028**	**(17.6%)**

Net financial position at 31 December 2017 was Euro 5.5 million, down compared to Euro 1.6 million at 31 December 2016.

Consolidated net financial position

	Amounts in EUR thousands	**31.12.2017**	**31.12.2016**	**Δ**	**Δ (%)**
	Cash and cash equivalents at bank	22,767	33,109	(10,342)	(31.2%)
A	**Cash and cash equivalents**	**22,767**	**33,109**	**(10,342)**	**(31.2%)**
B	**Current financial receivables**	**591**	**192**	**399**	**n.a.**
	Current bank payables	(3,789)	(5,184)	1,395	(26.9%)
	Current share of medium/long-term indebtedness	(12,968)	(14,063)	1,095	(7.8%)
	Other current financial payables	(43)	(17)	(26)	n.a.
C	**Current financial indebtedness**	**(16,800)**	**(19,264)**	**2,464**	**(12.8%)**
D	**Current Net Financial Position (A+B+C)**	**6,558**	**14,037**	**(7,479)**	**(53.3%)**
	Non-current bank payables	(12,021)	(15,610)	3,589	(23.0%)
	Other non-current financial payables	(54)	(33)	(21)	63.6%
E	**Non-current Net Financial Position**	**(12,075)**	**(15,643)**	**3,568**	**(22.8%)**
F	**Net financial position (D+E)**	**(5,517)**	**(1,606)**	**(3,911)**	**n.a.**

With regard to items in the table on the consolidated net financial position, in addition to cash and cash equivalents of Euro 22.8 million, we also draw attention to:

- financial receivables amounting to Euro 0.6 million resulting from receivables due from factoring companies on receivables assigned up to 31 December 2017, the disbursement of which took place by that date and to receivables for accrued interest on factoring paid but not relating to 2017;
- current payables to banks at 31 December 2017 amounting to around Euro 16.8 million, relating to:
  - current bank payables of Euro 3.8 million (Euro 5.2 million at 31 December 2016), mainly represented by:
    a) Euro 2.8 million in short-term credit facilities classed as “advances to suppliers” of Euro 0.7 million and as “accounts payable to suppliers” of Euro 2.1 million;

b) Euro 1.0 million in the short-term loan granted by Monte dei Paschi di Siena of Euro 3.0 million, to be settled by March 2018;

- around Euro 13.0 million as the current portion of loans received;
- other non-current financial payables refer mainly to interest accrued and not collected.

• non-current financial payables of Euro 12.0 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months;

• other non-current financial payables refer mainly to finance lease contracts.

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

The Parent Company's Value of production amounted to Euro 5.6 million, compared to Euro 4.9 million in 2016, recording a rise of Euro 0.7 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 2.6 million, against a loss of Euro 3.2 million last year.

Operating Profit (Loss) (EBIT) recorded a loss of around Euro 3.8 million, against a loss of around Euro 3.4 million in the previous year.

Financial management recorded an income of Euro 4.1 million, with respect to Euro 3.8 million the previous year, broken down into:

• dividends of Euro 4.0 million;

• net financial income of Euro 0.1 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 0.5 million (Euro 0.8 million in 2016). Interest expense due to the Banking system amounted to around Euro 0.4 million (Euro 0.5 million in 2016), of which Euro 0.1 million on drawdowns of short-term credit facilities and Euro 0.3 million refers to financial payables on maturity.
In 2017, the company did not write down any financial assets, against write-downs of Euro 1.2 million in 2016.

Profit (loss) before tax recorded a profit of around Euro 0.3 million, compared to a loss of Euro 0.8 million in 2016.

Taxes recorded a positive balance of Euro 1.0 million, compared to Euro 1.1 million last year, accrued against:

• tax benefits of around Euro 1.9 million relating to the Group Tax Consolidation scheme;

• the net impact of around Euro 0.9 million, of deferred tax assets/liabilities.

Following the above, the 2017 Parent Company's financial statements closed with a profit of around Euro 1.3 million, compared to a profit of around Euro 0.3 million last year.

The Income Statement is shown below, restated for FY 2017, and is compared to the amounts of the previous year.

Parent Company Restated Income Statement

Amounts in EUR thousands	FY 2017	FY 2016	Δ	Δ (%)
Operating revenue	4,875	4,344	531	12.2%
Other revenue and income	716	533	183	34.3%
Value of production	**5,591**	**4,877**	**714**	**14.6%**
Cost of raw materials and consumables	(2)	(3)	1	(33.3%)
Cost of services and use of third-party assets	(4,787)	(4,845)	58	(1.2%)
Personnel costs	(3,192)	(2,867)	(325)	11.3%
Other costs	(161)	(399)	238	(59.6%)
Gross Operating Margin before provisions and write-downs (EBITDA)	**(2,551)**	**(3,237)**	**686**	**(21.2%)**
Amortisation and depreciation	(2)	(23)	21	(91.3%)
Write-downs and provisions	(1,232)	(140)	(1,092)	n.a.
Operating Profit (Loss) (EBIT)	**(3,785)**	**(3,400)**	**(385)**	**11.3%**
Net financial income and expense	4,078	3,752	326	8.7%
Value adjustments to financial assets	0	(1,200)	1,200	n.a.
Profit (loss) before tax from continuing operations	**293**	**(848)**	**1,141**	**n.a.**
Taxes	1,007	1,105	(98)	(8.9%)
Net profit (loss) from continuing operations	**1,300**	**257**	**1,043**	**n.a.**
Net profit (loss) from discontinued operations	0	0	0	n.a.
Net profit (loss)	**1,300**	**257**	**1,043**	**n.a.**

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

Restated Statement of Financial Position

Amounts in EUR thousands	31.12.2017	31.12.2016	Δ	Δ (%)
Non-current assets	48,601	54,070	(5,469)	(10.1%)
Current assets	14,711	13,203	1,508	11.4%
Non-current liabilities	(5,384)	(9,153)	3,769	(41.2%)
Current liabilities	(10,266)	(7,028)	(3,239)	46.1%
Net Invested Capital	**47,661**	**51,092**	**(3,431)**	**(6.7%)**
Shareholders' Equity	46,425	47,099	(673)	(1.4%)
Net Financial Indebtedness	1,235	3,993	(2,758)	(69.1%)

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.

	Amounts in EUR thousands	**31.12.2017**	**31.12.2016**	**Δ**	**Δ (%)**
	Cash and cash equivalents at bank	14,884	25,229	(10,345)	(41.0%)
A	**Cash and cash equivalents**	**14,884**	**25,229**	**(10,345)**	**(41.0%)**
B	**Current financial receivables**	**22,916**	**22,839**	**76**	**0.3%**
	Current bank payables	(2,912)	(4,193)	1,282	(30.6%)
	Current share of medium/long-term indebtedness	(8,089)	(6,463)	(1,626)	25.2%
	Other current financial payables	(16,014)	(25,796)	9,782	(37.9%)
C	**Current financial indebtedness**	**(27,015)**	**(36,452)**	**9,438**	**(25.9%)**
D	**Current Net Financial Position (A+B+C)**	**10,785**	**11,617**	**(831)**	**(7.2%)**
	Non-current bank payables	(12,021)	(15,610)	3,589	(23.0%)
E	**Non-current Net Financial Position**	**(12,021)**	**(15,610)**	**3,589**	**(23.0%)**
F	**Net financial position (D+E)**	**(1,235)**	**(3,993)**	**2,758**	**(69.1%)**

The net financial position of Be S.p.a. at 31 December 2017 was around Euro 1.2 million, and breaks down into:

- Euro 14.9 million in cash and cash equivalents at bank;
- around Euro 22.9 million in receivables from subsidiaries, relating to centralised treasury activities;
- around Euro 2.9 million in current payables to the banking system, of which Euro 1.9 million for drawdowns in the form of "accounts payable to suppliers" and "advances to suppliers" and Euro 1.0 million relating to "short-term loans".
- Euro 8.1 million relating to the portion of existing medium to long-term loans maturing in the following year;
- around Euro 16.0 million in payables to subsidiaries, relating to centralised Treasury activities;
- Euro 12.0 million referred mainly to payables to banks for unsecured medium/long-term loans due beyond 12 months.

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 31.12.2017	Net profit (loss) 31.12.2017	Shareholders' Equity 31.12.2016	Net profit (loss) 31.12.2016
Shareholders' equity and Net profit (loss) from financial statements of the Parent Company	**46,425**	**1,300**	**47,099**	**257**
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	11,138	7,875	6,261	6,610
Other adjustments made at time of consolidation for:				
- write-down of equity investments	0	0	1,200	1,200
- dividends from subsidiaries	(4,000)	(4,000)	(3,500)	(3,500)
Shareholders' equity and Consolidated net profit (loss)	**53,563**	**5,175**	**51,060**	**4,567**
Capital and minority reserves	799	697	486	321
Shareholders' equity and Net Profit (Loss) attributable to owners of the Parent Company	**52,764**	**4,478**	**50,574**	**4,246**

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.

7. Other disclosures and Corporate Governance

7.1 Main risks and uncertainties to which the 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 2018-2020 for the purpose of Impairment Testing (hereinafter 2018-2020 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 2018-2020 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"**

The 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 2018-2020 Plan.

- **Risks associated with "Goodwill Impairment"**

The 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 2017 because of the incapacity to generate sufficient cash flows to satisfy those forecast and envisaged in the 2018-2020 Plan.

- **Risks associated with "Litigation Liabilities"**

The 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 summoned third parties.

- **Risks associated with "Restructuring" activities**

In recent years, the 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 2017, investments mostly regarded the development and upgrade of the technological platforms "Universo Sirius" - relating to the management of Life and Non-life insurance portfolios, "Archivia" - relating to the management of document processes and the development of the company's internal IT system - by Be Solutions, as well as the platforms specialised in various areas of the banking industry by Be Tse GmbH. 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 2017 was 1,114 employees (1,085 at 31 December 2016), located in 9 European countries.

In Italy, with a view to better grasping the opportunities offered by a continually changing market scenario, from 1 October 2017, the companies currently operating in the ICT and BPO sectors were reorganised, repositioning them and in some cases redesigning their value proposition and offer model, through the merger by incorporation of Be Enterprise S.p.A. and Be Professional S.p.A. (incorporated companies) into Be Solutions S.p.A. (incorporating company).

For further details on the social policies of the Be Group, please refer to chapter 6 of the Non-financial report.

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 its most recent version in July 2015, 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 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 196 of 30 June 2003) and has therefore updated the Security Policy Document.

8. Events after 31 December 2017 and business outlook

In view of the results recorded by the Group in 2017, it is reasonable to confirm the 2018 growth forecast for revenue and profit and, in more general terms, the targets for internal growth and new acquisitions in 2017-2019 already announced to the market on 15 September 2016. Italy, Germany, United Kingdom and Spain are the markets that the Group intends to pursue through external growth strategies.

No significant events occurred after the end of the year.

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 2017 to the Shareholders' Meeting for approval, which show a net profit of Euro 1,299,554.13 and proposes that the Shareholders' Meeting resolves:

- to approve the Financial Statements at 31 December 2017 of Be S.p.A.;
- to approve the proposal to allocate the net profit for the year, corresponding to Euro 1,299,554.13 as follows:
    - Euro 64,977.71 to the Legal Reserve;
    - Euro 1,234,576.42 to profit carried forward;
    - to distribute gross dividends amounting to Euro 2,697,945.44, corresponding to Euro 0.0200 per share, drawing Euro 1,234,576.42 from the profit carried forward and partially from the extraordinary reserve for the residual amount of Euro 1,463,369.02.

Milan, 15 March 2018.

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

Consolidated Financial Statements

At 31 December 2017

A.Consolidated Statement of Financial Position

Amounts in EUR thousands	*Notes*	**31.12.2017**	**31.12.2016**
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	1,918	1,968
Goodwill	*2*	59,722	55,645
Intangible assets	*3*	17,082	17,678
Equity investments in associates measured at net equity	*4*	32	0
Equity investments in other companies	*5*	300	300
Loans and other non-current assets	*6*	2,217	1,179
Deferred tax assets	*7*	4,724	5,118
Total non-current assets		**85,995**	**81,888**
CURRENT ASSETS			
Inventories	*8*	15	39
Trade receivables	*9*	25,240	22,935
Other assets and receivables	*10*	2,778	3,401
Direct tax receivables	*11*	567	792
Financial receivables and other current financial assets	*12*	591	192
Cash and cash equivalents	*13*	22,767	33,109
Total current assets		**51,958**	**60,468**
Total discontinued operations			**0**
TOTAL ASSETS		**137,953**	**142,356**
SHAREHOLDERS' EQUITY			
Share capital		27,109	27,109
Reserves		21,177	19,219
Net profit (loss) attributable to owners of the Parent Company		4,478	4,246
Group Shareholders' equity		**52,764**	**50,574**
Minority interests:			
Capital and reserves		102	165
Net profit (loss) attributable to minority interests		697	321
Minority interests		**799**	**486**
TOTAL SHAREHOLDERS' EQUITY	*14*	**53,563**	**51,060**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*15*	12,075	15,643
Provision for non-current risks	*20*	2,244	1,122
Post-employment benefits (TFR)	*17*	6,858	6,114
Deferred tax liabilities	*18*	6,223	6,074
Other non-current liabilities	*19*	6,772	10,066
Total Non-current liabilities		**34,172**	**39,019**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*16*	16,800	19,264
Trade payables	*21*	11,667	12,477
Provision for current risks	*20*	31	32
Tax payables	*22*	618	920
Other liabilities and payables	*23*	21,102	19,584
Total Current liabilities		**50,218**	**52,277**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**84,390**	**91,296**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**137,953**	**142,356**

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.

B. Consolidated Income Statement

Amounts in EUR thousands	*Notes*	**FY 2017**	**FY 2016**
Operating revenue	*24*	127,721	135,648
Other revenue and income	*25*	2,026	1,077
Total Revenue		**129,747**	**136,725**
Raw materials and consumables	*26*	(253)	(284)
Service costs	*27*	(50,950)	(59,825)
Personnel costs	*28*	(63,309)	(61,337)
Other operating costs	*29*	(1,500)	(1,488)
Cost of internal work capitalised	*30*	3,427	2,380
Amortisation, depreciation and write-downs:			
Depreciation of property, plant and equipment	*31*	(620)	(541)
Amortisation of intangible assets	*31*	(5,609)	(5,350)
Allocations to provisions	*32*	(1,888)	(1,086)
Total Operating Costs		**(120,702)**	**(127,531)**
Operating Profit (Loss) (EBIT)		**9,045**	**9,194**
Financial income		61	15
Financial expense		(1,358)	(1,756)
Effect of measurement at equity		(3)	0
Total Financial Income/Expense	*33*	**(1,300)**	**(1,741)**
Profit (loss) before tax		**7,745**	**7,453**
Current income taxes	*34*	(1,832)	(2,207)
Deferred tax assets and liabilities	*34*	(738)	(679)
Total Income taxes		**(2,570)**	**(2,886)**
Net profit (loss) from continuing operations		**5,175**	**4,567**
Net profit (loss) from discontinued operations		**0**	**0**
Net profit (loss)		**5,175**	**4,567**
Net profit (loss) attributable to minority interests	*13*	**697**	**321**
Net profit (loss) attributable to owners of the Parent Company		**4,478**	**4,246**
Earnings (loss) per share:			
Basic earnings per share (Euro)	*35*	**0.03**	**0.03**
Diluted earnings per share (Euro)	*35*	**0.03**	**0.03**

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.

C. Consolidated Statement of Comprehensive Income

Amounts in EUR thousands	**FY 2017**	**FY 2016**
Net profit (loss)	**5,175**	**4,567**
Items not subject to reclassification in the income statement:		
Actuarial gains (losses) on employee benefits	(20)	(130)
Tax effect on actuarial gains (losses)	5	36
Items subject to reclassification in the income statement		
when certain conditions are met:		
Gains (losses) on cash flow hedges	22	4
Translation gains (losses)	(346)	(547)
Other items of comprehensive income	**(339)**	**(637)**
Net comprehensive profit (loss)	**4,836**	**3,930**
Attributable to:		
Owners of the Parent Company	4,132	3,599
Minority interests	704	331

D. Consolidated Statement of Cash Flows

Amounts in EUR thousands	*Notes*	2017	2016
Net profit (loss)		5,175	4,567
Amortisation, depreciation and write-downs	*31-32*	6,229	5,891
Non-monetary changes in post-employment benefits (TFR)		1,300	923
Net financial expense in the income statement	*33*	1,414	1,872
Taxes for the year	*34*	1,832	2,207
Deferred tax assets and liabilities	*34*	738	544
Losses on current assets and provisions	*32*	1,888	1,086
Increase in internal work capitalised	*30*	(3,427)	(2,380)
Other non-monetary changes		10	14
Exchange rate conversion differences		(78)	1,020
Cash flow from operating activities		**15,081**	**15,744**
Change in inventories	*8*	24	3
Change in trade receivables	*9*	(1,715)	417
Change in trade payables	*21*	(1,035)	(304)
Use of bad debt provisions	*20*	(767)	(2,067)
Other changes in current assets and liabilities		(4,984)	1,114
Taxes for the year paid	*21*	(511)	(231)
Post-employment benefits paid	*17*	(576)	(1,214)
Other changes in non-current assets and liabilities		(1,985)	(188)
Change in net working capital		(11,548)	**(2,470)**
Cash flow from (used in) operating activities		**3,533**	**13,274**
(Purchase) of property, plant and equipment net of disposals	*1*	(470)	(1,219)
(Purchase) of intangible assets net of disposals	*3*	(1,650)	(160)
Cash flow from business combinations net of cash acquired		(616)	(2,283)
(Purchase)/sale of equity investments and securities		0	(300)
Cash flow from (used in) investing activities		**(2,736)**	**(3,962)**
Change in current financial assets	*12*	(399)	6
Change in current financial liabilities	*16*	(2,428)	1,620
Financial expense paid		(1,333)	(1,730)
Change in non-current financial liabilities	*15*	(3,568)	6,357
Cash paid for purchase of share pertaining to third parties		(1,077)	(220)
Distribution of dividends paid to Group shareholders		(1,996)	(1,500)
Distribution of dividends paid to minority interests	*14*	(350)	(362)
Change in share of minority interests	*14*	14	0
Cash flow from (used in) financing activities		**(11,138)**	**4,171**
Cash flow from (used in) discontinued operations		**0**	**0**
Cash and cash equivalents		**(10,342)**	**13,483**
Net cash and cash equivalents - opening balance	*12*	33,109	19,626
Net cash and cash equivalents - closing balance	*12*	22,767	33,109
Net increase (decrease) in cash and cash equivalents		**(10,342)**	**13,483**

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.

E. Statement of Changes in Consolidated Shareholders' Equity

Amounts in EUR thousands	Share capital	Reserves and retained earnings	Profit (loss) for the year	Group Shareholders' equity	Minority interests	Total
SHAREHOLDERS' EQUITY AT 31.12.2015	**27,109**	**17,864**	**3,455**	**48,428**	**784**	**49,212**
Net profit (loss)			4,246	4,246	321	4,567
Other items of comprehensive income		(648)		(648)	10	(638)
Net comprehensive profit (loss)		**(648)**	**4,246**	**3,598**	**331**	**3,929**
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)
SHAREHOLDERS' EQUITY AT 31.12.2016	**27,109**	**19,219**	**4,246**	**50,574**	**486**	**51,060**
Net profit (loss)			4,478	4,478	697	5,175
Other items of comprehensive income		(346)	0	(346)	7	(339)
Net comprehensive profit (loss)		**(346)**	**4,478**	**4,132**	**704**	**4,836**
Allocation of prior year profit (loss)		4,246	(4,246)	0	0	0
Dividend distribution		(1,996)		(1,996)	(350)	(2,346)
(Purchases)/Disposals of Minority Interests		54		54	(41)	14
SHAREHOLDERS' EQUITY AT 31.12.2017	**27,109**	**21,177**	**4,478**	**52,764**	**799**	**53,563**

Notes to the consolidated financial statements

1. Corporate information

The 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, Spain and Romania, in 2017 the Group recorded total revenues of Euro 129.7 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 2017 were approved for publication by the Parent Company Board of Directors on 15 March 2018.

2. Measurement criteria and accounting standards

2.1. Presentation criteria

The consolidated financial statements of the Be Group at 31 December 2017 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.

The 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 2.14 "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 2017".

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 2018-2020 Plan, approved by the Board of Directors' Meeting held on 7 February 2018 (hereinafter "2018-2020 Plan") was prepared by the Directors for the purpose of Impairment testing 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.

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 2018-2020 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 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 2018-2020 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 2017 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 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%
Be Think Solve Execute RO S.r.l.	Bucharest	22,000	RON	Be S.p.A.	100%	0%
Iquii Srl	Rome	10,000	EUR	Be Solutions S.p.A.	51%	49%
Be Poland Think, Solve and Execute sp z.o.o	Warsaw	1,000,000	PLN	Be Consulting S.p.A.	100%	0%
Be Ukraine LLC	Kiev	20,116	UAH	Be Consulting S.p.A.	100%	0%
iBe Think Solve Execute Ltd	London	91,898	GBP	Be Consulting S.p.A.	100%	0%
Payments and Business Advisors S.l.	Madrid	3,000	EUR	Be Consulting S.p.A.	60%	40%
Paystrat Solutions SL (Pyngo)	Madrid	10,265	EUR	Payments and Business Advisors S.l.	65%	35%
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 TSE GmbH	Munich	92,033	EUR	Be Consulting S.p.A.	90%	10%
R&L AG	Munich	1,882,000	EUR	Be Think, Solve Execute GmbH	59%	41%
Targit GmbH	Vienna	35,000	EUR	Be Think, Solve Execute GmbH	100%	0%
Be TSE Switzerland AG	Zurich	100,000	CHF	Be Think, Solve Execute GmbH	100%	0%
FIMAS GmbH	Frankfurt	25,000	EUR	Be Think, Solve Execute GmbH	60%	40%
Confinity GmbH	Magdeburg	50,000	EUR	FIMAS GmbH	50%	50%

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

- in January 2017, the liquidation of the subsidiary A&B S.p.A. 100% owned by the Parent Company Be S.p.A. was completed. This company provided services for local public administration and has been inactive since 31 December 2016.
- in February, the subsidiary Be TSE GmbH (formerly Targit GmbH) acquired 60% of Fimas GmbH; it should also be noted that Fimas holds a 50% stake in Confinity GmbH which is consolidated with the equity method;
- in February, the subsidiary Be Consulting S.p.A. acquired 60% of Payments and Business Advisors S.L.; it should also be noted that Payments and Business Advisors S.L. holds a 65.26% stake in Paystrat Solutions SL (Pyngo);
- in April, Be Consulting S.p.A. acquired the 66.67% shareholding in Be TSE GmbH owned by its subsidiary iBe Ltd and later increased its shareholding to 90% by purchasing a further

23.33% from Rudiger Borsutzki; the agreement envisages an option to purchase the remaining 10% share in 2022;

- in April, Be Consulting S.p.A. also acquired the 95% shareholding in Be Ukraine Think Solve Execute Llc from its subsidiary iBe Ltd, bringing its investment in the company to 100%;
- in May, Be Consulting S.p.A. also acquired the 93% shareholding in Be Poland Think Solve Execute from its subsidiary iBe Ltd, as well as the residual shareholdings held by third parties, corresponding to 7%, bringing its investment in the company to 100%;
- in July, Be TSE GmbH called up a portion of the shares held by third parties of R&L AG by partially exercising the put&call option, bringing its shareholding to 58.84% with respect to the previous 55%.
- on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise, Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. The deed of merger will become effective, for civil law purposes, from 1 October 2017; for the sole purposes of article 2501-*ter* no. 6 of the Italian Civil Code, the transactions of the incorporated companies will be recognised in the financial statements of the incorporating company from 1 January 2017 and it will become effective for tax purposes from the same date.

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 into 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 2017 - 2016 financial statements in foreign currencies:

Exchange rates

Currency	2017 average	31.12.2017	2016 average	31.12.2016
British Pound (GBP)	0.8759	0.8872	0.8191	0.85618
Polish Zloty (PNL)	4.2561	4.1770	4.3635	4.4103
Ukrainian Hryvnia (UAH)	30.0364	33.7318	28.2677	28.7386
Romanian Leu (RON)	4.5690	4.6585	4.4908	4.5390
Swiss Franc (CHF)	1.1119	1.1702	1.0901	1.0739

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 property, plant and equipment 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:

Rates of depreciation

Description of asset	Depreciation rate
Plant and machinery	From 15% to 20%
Fixtures and fittings, tools and other equipment	15%
Other assets:	
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 their 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 be 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 incurrence 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, 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%.

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 2017-2019 with the subsidiary Be Consulting Think, Project & Plan S.p.A. (hereinafter "Be Consulting") and with the subsidiary Iquii S.r.l.; for the three-year period 2015-2017 Be Solutions, Solve, Realize & Control S.p.A. (hereinafter "Be Solutions").

Note that, Italian Legislative Decree 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 2017, 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 2017

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2017, and adopted by the Group for the first time, i.e.:

- 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 reconsolidation between the opening balance and the closing balance of liabilities resulting from financial transactions. The presentation of comparative information relating to previous years is not required.

  The impact of this amendment is illustrated in the paragraph entitled "Net Financial Indebtedness".

- 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 valuation of financial assets of the "Available for Sale" category in the event of certain circumstances and on an estimate of taxable income in future years.

  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 2017

- 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.

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.

- 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. Furthermore, in the changes of unsubstantial liabilities, it is no longer permitted to spread the economic effects of the renegotiation on the residual term of the debt by changing the effective interest rate on said date, but the relative effect must be recognised in 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.

- 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, leased vehicles and other operating assets, 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 13.2 million.

- 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.

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 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. This amendment is applicable from 1 January 2017; however, as it has not yet been endorsed by the European Union, it was not adopted by the Group at 31 December 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.

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 7 June 2017, the IASB published the Interpretation document **IFRIC 23 – Uncertainty over Income Tax Treatments.** The document tackles the topic of uncertainty over the tax treatment to adopt as regards income taxes. The document envisages that uncertainties in the determination of tax liabilities or assets are reflected in the financial statements only when it is likely that the entity will pay or recover the amount in question. Furthermore, the document does not contain any new disclosure obligation but emphasises that the entity must establish whether it is necessary to provide information on the considerations made by management and regarding the uncertainty on the accounting treatment of taxes, in accordance with the provisions of IAS 1. The new interpretation is applicable from 1 January 2019, although early adoption is permitted.

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

- On 12 October 2017, the IASB published a document entitled **"Prepayment Features with Negative Compensation (Amendments to IFRS 9)"**. This document specifies that a debt instrument which envisages an early repayment option could respect the characteristics of contractual cash flows ("SPPI" test) and, consequently, could be measures using the amortised cost method or the fair value through other comprehensive income method, also in the event in which the reasonable additional compensation envisaged in the case of early repayment is a negative compensation for the lender. The amendment is applicable from 1 January 2019, 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 October 2017, the IASB published a document entitled **"Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)"**. This document clarifies the need to apply IFRS 9, including the requirements relating to impairment, to other long-term interests in associates and joint ventures to which the equity method does not apply. The amendment is applicable from 1 January 2019, 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 December 2017, the IASB published a document entitled "**Annual Improvements to IFRSs: 2015-2017 Cycle**" which summarises the changes to several standards as part of the annual process to improve the same. The main changes regard:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it must remeasure previously held interests in said business. Instead, this process is not envisaged if joint control is obtained.
  - IAS 12 Income Taxes: the amendment clarifies that all of the tax effects linked to dividends (including payments on financial instruments classified under equity) must be accounted in a consistent manner with the transaction that generated said profits (income statement, OCI or equity).

- IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that are still in place even after the qualifying asset in question is ready to use or to sell, the same become part of the set of loans used to calculates the borrowing costs.

  The amendment is applicable from 1 January 2019, 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 2017 the Be Group acquired 60% of Fimas GmbH, through the subsidiary Be TSE GmbH and 60% of Payments and Business Advisors S.L., through the subsidiary Be Consulting S.p.A., confirming its consolidation strategy for the European market.

- With regard to the 60% acquisition of Fimas GmbH, the Company paid Euro 0.6 million at the time of closing. The reference values for the transaction were as follows:

Amounts in EUR thousands	**Book value of the business acquired**	**Fair value adjustments**	**Fair Value**
Intangible assets	94		94
Trade receivables	545		545
Equity investments	35		35
Other assets and receivables	195		195
Cash and cash equivalents	250		250
Deferred tax liabilities	(63)		(63)
Trade payables	(154)		(154)
Other liabilities and payables	(435)		(435)
NET TOTAL OF ASSETS ACQUIRED	**467**	**0**	**467**
GOODWILL			**2,439**
ACQUISITION PRICE			**2,906**
broken down as follows, (amounts include discounting as at the acquisition date):			
2017 fee			(831)
Extended fee discounted including earn-out			(2,075)
CASH FLOW FROM THE ACQUISITION			
Payment already made			(831)
Cash and cash equivalents acquired			250
NET CASH FLOWS			**(581)**

The purchase price for 60% of the share capital was set as Euro 1,238 thousand, half of which to be paid at the time of closing, corresponding to Euro 619 thousand, and the other half by 31 January 2018, plus any cash balance, which has been calculated as Euro 212 thousand (corresponding to a discounted value on the acquisition date of Euro 208 thousand). The agreement also envisages an option to acquire the remaining 40% in two later stages: 30% by May 2021 and 10% by May 2024.

More specifically, the put&call option envisages:

- an earn-out for the first 30% based on the average results recorded by the subsidiary in FYs 2017-2020. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 1,127 thousand (corresponding to a discounted amount at the acquisition date of Euro 989 thousand);
- an earn-out for the last 10% based on the average results recorded by the subsidiary in FYs 2021-2023. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 609 thousand (corresponding to a discounted amount at the acquisition date of Euro 489 thousand).

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control; the gain of Euro 2,439 thousand generated by the acquisition was allocated to goodwill.

In the period between the date of acquisition of control by the Be Group and the closing date of the consolidated financial statements at 31 December 2017, the company achieved a total revenue of Euro 5,618 thousand and a profit before tax of Euro 526 thousand.

- With regard to the 60% acquisition of Payments and Business Advisors S.L., the Company paid Euro 0.2 million at the time of closing. The reference values for the transaction were as follows:

Amounts in EUR thousands	Book value of the business acquired	Fair value adjustments	Fair Value
Property, plant and equipment	11		11
Trade receivables	45		45
Equity investments	17		17
Other assets and receivables	7		7
Cash and cash equivalents	146		146
Trade payables	(71)		(71)
Other liabilities and payables	(9)		(9)
Tax payables	(43)		(43)
NET TOTAL OF ASSETS ACQUIRED	**103**	**0**	**103**
GOODWILL			**1,829**
ACQUISITION PRICE			**1,931**
broken down as follows, (amounts include discounting as at the acquisition date):			
2017 fee			(203)
Extended fee discounted including earn-out			(1,728)
CASH FLOW FROM THE ACQUISITION			
Payment already made			(203)
Cash and cash equivalents acquired			146
NET CASH FLOWS			**(57)**

Note that the agreement between the parties envisages an option to acquire the remaining 40% in two later stages: 20% by May 2021 and the other 20% by May 2025.

More specifically, the put&call option envisages:

- an earn-out for the first 20% based on any positive results recorded by the subsidiary in FYs 2019 and 2020. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 1,007 thousand (corresponding to a discounted amount at the acquisition date of Euro 895 thousand);
- an earn-out for the second 20% based on any positive results achieved by the subsidiary in FYs 2023 and 2024. The above-mentioned earn-out was calculated on the basis of currently available estimates of Euro 1,069 thousand (corresponding to a discounted amount at the acquisition date of Euro 833 thousand).

The transaction was accounted for using the purchase cost method with effect from the date of acquisition of control; the gain of Euro 1,829 thousand generated by the acquisition was allocated to goodwill.

In the period between the date of acquisition of control by the Be Group and the closing date of the consolidated financial statements at 31 December 2017, the company achieved a total revenue of Euro 789 thousand and a profit before tax of Euro 35 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., Be Think, Solve Execute GmbH, Targit GmbH, Be TSE Switzerland AG, Be Sport, Media & Entertainment Ltd, Loc Consulting Ltd, R&L AG, Fimas GmbH and Payments and Business Advisors S.L.

- **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 Think Solve Execute RO S.r.l. and Iquii S.r.l..

Note that after the merger of Be Professional S.p.A. into Be Solutions S.p.A., the ICT Professional Service Business Unit, which mostly performed infra-segment activities, is no longer active.

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 2017 compared with 2016 are reported below, separating continuing operations from discontinued operations.

The operating segment values illustrated are gross of intercompany transactions with the 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, considering that in 2017, 41.7% of production value originated from markets abroad, with the DACH Region (DE, AUT and SUI) accounting for a significant and growing share, contributing Euro 37.5 million to revenue generation, while the UK market generated Euro 13.5 million of revenues and the remaining markets Euro 3.1 million.

Breakdown by operating segment 1 January 2017 - 31 December 2017

	Consulting	ICT Solutions	Corporate and other	Disposals	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	92,117	40,247	4,875		(9,518)		127,721
Other revenue	1,835	542	716		(1,067)		2,026
Value of production	93,952	40,789	5,591		(10,585)		129,747
Operating Profit (Loss) (EBIT)	10,927	1,906	(3,785)		(3)		9,045
Net financial expense	(1,157)	(473)	4,078		(3,747)		(1,300)
Net profit (loss)	6,850	661	1,300		(3,635)	(697)	4,478
Goodwill	30,911	28,811	0				59,722
Intangible assets	8,796	8,285	1				17,082
Property, plant and equipment	1,301	613	4				1,918
Segment assets	67,838	17,297	90,956		(116,860)		59,232
Segment liabilities	(52,905)	(33,908)	(54,686)		57,111		(84,388)

Breakdown by operating segment 1 January 2016 - 31 December 2016

	Consulting	ICT Solutions	Corporate and other	Disposals	Infra-segment consolidation adjustments	Minority interests	Total
Operating revenue	102,227	40,379	4,348		(11,306)		135,648
Other revenue	807	2,582	591		(2,903)		1,077
Value of production	103,034	42,961	4,939		(14,209)		136,725
Operating Profit (Loss) (EBIT)	12,124	473	(3,406)		3		9,194
Net financial expense	(891)	(859)	3,802		(3,793)		(1,741)
Net profit (loss)	7,344	(740)	1,489		(3,526)	(321)	4,246
Goodwill	26,834	28,811	0				55,645
Intangible assets	9,360	8,318	0				17,678
Property, plant and equipment	1,234	726	8				1,968
Segment assets	64,711	26,028	111,002		(134,675)		67,065
Segment liabilities	(53,505)	(41,562)	(68,678)		72,448		(91,297)

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

Note 1.

Property, plant and equipment

At 31 December 2017, property, plant and equipment recorded a balance of Euro 1,918 million, net of cumulative depreciation, against a total of Euro 1,968 million at 31 December 2016.

Change in historical cost

	Historical cost 2016	Business combinations	Increases	Decreases	Reclassifications	Exchange gains/losses	Historical cost 2017
Plant and machinery	10,521		4	(1)	(16)	(6)	10,502
Fixtures and fittings, tools and other equipment	2,738	94	61		46		2,939
Other assets	23,349	25	433	(110)	147	(5)	23,839
Assets under construction and advances	128				(125)		3
TOTAL	**36,735**	**119**	**498**	**(111)**	**52**	**(11)**	**37,283**

Change in accumulated depreciation

	Accumulated depreciation 2016	Business combinations	Depreciation	Decreases	Reclassifications	Exchange gains/losses	Accumulated depreciation 2017
Plant and machinery	10,409		32	(1)	1	(6)	10,435
Fixtures and fittings, tools and other equipment	2,738		47		12		2,797
Other assets	21,621	13	542	(45)	2		22,133
TOTAL	**34,768**	**13**	**621**	**(46)**	**15**	**(6)**	**35,365**

	Net value 2016	Net value
Plant and machinery	112	67
Fixtures and fittings, tools and other equipment	0	142
Other assets	1,728	1,706
Assets under construction and advances	128	3
TOTAL	**1,968**	**1,918**

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 by Ibe for office modernisation, electronic equipment by Be Solutions, in addition to a car by Be Consulting. The decreases refer to the disposal of obsolete assets during the year.

Note 2.

Goodwill

Goodwill stood at Euro 59,722 thousand at 31 December 2017. The cash generating units (CGUs) were identified for impairment testing purposes based on the Group's reorganisation defined during 2017 and consistent with the former IFRS 8 reporting structure described in the paragraph 2.14 "Segment reporting".

The breakdown is as follows:

Goodwill

	Balance at 31.12.2016	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2017
Cash generating unit (CGU)					
Business Consulting	26,834	4,267		(190)	30,911
ICT Solutions	28,064		748		28,811
ICT Professional Services	748		(748)		0
Total	**55,645**	**4,267**	**0**	**(190)**	**59,722**

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 2018-2020 Plan containing forecasts of revenue, investment and operating costs. On the basis of the results of impairment testing conducted by extrapolating 2018-2020 economic and financial forecasts - refer to below - the Directors therefore confirmed the sustainability of the book value of goodwill recognised at 31 December 2017.

Note that after the merger of Be Professional S.p.A. into Be Solutions S.p.A., the ICT Professional Service Business Unit, which mostly performed infra-segment activities, is no longer active; consequently the goodwill previously allocated to the ICT Professional Services CGU was allocated to the ICT Solutions CGU.

The increase in goodwill of Euro 4,267 thousand refers to the acquisitions made during the year, namely 60% of Fimas GmbH, through the subsidiary Be TSE GmbH and 60% of Payments and Business Advisors S.L., through the subsidiary Be Consulting S.p.A.

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 2017, after impairment testing, for an amount of Euro 59,722 thousand. In 2017, 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 2018-2020 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 2018 and 2020; (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 9.27% for the Solutions CGU and 9.27% 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 2017. The Directors report that the recoverable amount of goodwill is sensitive to variances with respect to the basic assumptions used to prepare the economic and financial forecasts for 2018-2020, 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, of the 2018-2020 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; the moderate rebalancing of volumes in foreign customer portfolios continues, with specific regard to the German market;
- increase of volumes and of the profit margin of the ICT Solutions line by reorganising and restructuring the workforce, which entails 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.

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 2018-2020 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 2018-2020 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:
  - 70.29% with regard to the "Business Consulting" CGU;
  - 39.27% with regard to the "ICT Solutions" CGU.
- the after-tax discount rates that render the book value of the CGUs equal to their value in use are respectively:
  - 28.50% with regard to the "Business Consulting" CGU;
  - 14.58% with regard to the "ICT Solutions" CGU.

<u>Note 3.</u>

Intangible assets

At 31 December 2017, intangible assets recorded a balance of Euro 17,081 thousand, net of cumulative amortisation, compared to Euro 17,678 thousand at 31 December 2016.

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 31.12.2016	Increases	Decreases	Reclassifications	Business Combinations	Exchange gains/ losses	Historical cost at 31.12.2017
Research and development costs	1,156	66		(458)			764
Rights, patents and intellectual property	219			(219)			0
Concessions, licences and trademarks	8,950	2	(69)	(7,252)			1,631
Assets under development and advances	2,163	2,878		(820)			4,221
Other (including proprietary SW)	42,403	2,198	(6,975)	768	42	(178)	38,258
TOTAL	**54,891**	**5,144**	**(7,044)**	**(7,981)**	**42**	**(178)**	**44,874**

Change in accumulated amortisation

	Accumulated amortisation at 31.12.2016	Amortisation	Decreases	Reclassifications	Business Comb.	Exchange gains/ losses	Accum. amortisation at 31.12.2017
Research and development costs	946	145		(458)			633
Rights, patents and intellectual property	219			(219)			0
Concessions, licences and trademarks	8,849	65	(69)	(7,251)			1,594
Other (including proprietary SW)	27,199	5,400	(6,946)	(15)	26	(98)	25,566
TOTAL	**37,213**	**5,610**	**(7,015)**	**(7,943)**	**26**	**(98)**	**27,793**

Net book value

	Net value 2016	Net value 2017
Research and development costs	210	131
Rights, patents and intellectual property	0	0
Concessions, licences and trademarks	101	37
Assets under development and advances	2,163	4,221
Other (including proprietary SW)	15,204	12,692
TOTAL	**17,678**	**17,082**

At 31 December 2017, 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 1,169 thousand, "Archivia" for the management of document processes of Euro 318 thousand, as well as Euro 392 thousand for the development of an internal corporate ICT system, to digital applications by Iquii of Euro 250 thousand, to the IT platforms of

Paystrat of Euro 130 thousand and of Ibe of Euro 76 thousand, as well as the platforms owned by Be Think, Solve Execute GmbH, specialised in various areas of the banking industry, totalling Euro 542 thousand.

Other intangible assets recorded during the year include the payment of the contractual consideration linked to the long-term presence in the company of management, corresponding to Euro 1.4 million.

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 associates measured at net equity

Equity investments in associates measured at net equity refer to:

- the equity investment in Confinity GmbH, held by Fimas GmbH, of 50%. The shareholders' equity of the company is Euro 64.8 thousand.

Equity investments in associates measured at net equity

	Balance at 31.12.2017	Balance at 31.12.2016
Equity investments in associates measured at net equity	32	0
TOTAL	**32**	**0**

Note 5.

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 1.67% of share capital, against a payment of Euro 300 thousand;

Equity investments in other companies

	Balance at 31.12.2017	Balance at 31.12.2016
Equity investments in other companies	300	300
TOTAL	**300**	**300**

Note 6.

Loans and other non-current assets

Loans and other non-current assets refer to guarantee deposits paid for Euro 352 thousand and advances paid to employees in past years to be recovered on termination of their employment contracts for Euro 70 thousand.

Other non-current receivables, totalling Euro 1,310 thousand mainly refer for Euro 348 thousand to a receivable of Be TSE GmbH from Blu IT for employee termination indemnities to be paid to employees transferred by the same, for Euro 100 thousand to a receivable due from Confinity GmbH, for Euro 291 thousand for a receivable of Be Solutions due from the town council of Lerarca Friddi, for which a 10-year repayment plan has been established and for Euro 556 thousand to a receivable due to the Parent Company from a customer and not paid at the reference date of the financial statements.

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 426 thousand at 31 December 2017 and mainly refer to costs incurred by Be Solutions relating to the period 2018-2027, as well as accessory costs incurred by Be Consulting S.p.A. relating to the signature of a lease agreements for the head office in Piazza Affari.

Other assets and receivables

	Balance at 31.12.2017	**Balance at 31.12.2016**
Guarantee deposits	352	332
Receivables from employees due beyond 12 months	70	76
Receivables from social security and welfare organisations	59	43
Other non-current receivables	1,310	571
Non-current prepaid expenses	426	157
TOTAL	**2,217**	**1,179**

Note 7.

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%).

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 31.12.2016	Allocation	Utilisation	Other changes	Balance at 31.12.2017
Deferred tax assets	5,118	492	(882)	(4)	4,724
TOTAL	**5,118**	**492**	**(882)**	**(4)**	**4,724**

Note 8.
Inventories

Inventories refer mainly to the inventories of consumables of Be Solutions for Euro 15 thousand.

Inventories

	Balance at 31.12.2017	Balance at 31.12.2016
Inventories	15	39
TOTAL	**15**	**39**

Note 9.
Trade receivables

Trade receivables arise from goods and services produced and provided by the Group but not yet collected at 31 December 2017.

Trade receivables

	Balance at 31.12.2017	Of which business combinations	Balance at 31.12.2016
Receivables due from customers	26,969	590	25,050
Bad debt provision for receivables due from customers	(1,729)		(2,115)
TOTAL	**25,240**	**590**	**22,935**

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 31.12.2017	Balance at 31.12.2016
Opening balance	2,115	1,456
Allocations	464	663
Utilisation	(850)	(4)
TOTAL	**1,729**	**2,115**

The breakdown of receivables is shown below, by due date, net of invoices/credit notes to be issued for Euro 10,170 thousand and before the bad debt provision of Euro 1,729 thousand.

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	11,270	1,430	536	0	97	3,466	16,799
Bad debt provision						(1,729)	(1,729)
TOTAL	**11,270**	**1,430**	**536**	**0**	**97**	**1,737**	**15,070**

Note 10.

Other assets and receivables

Other assets and receivables at 31 December 2017 amount to Euro 2,778 and break down as follows:

Other assets and receivables

	Balance at 31.12.2017	Of which business combinations	Balance at 31.12.2016
Advances to suppliers for services	92		59
Receivables due from social security organisations	168		1,496
Receivables due from employees	906		149
VAT credits and other indirect taxes	706		401
Accrued income and prepaid expenses	641	203	966
Other receivables	265		330
TOTAL	**2,778**	**203**	**3,401**

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

Receivables due from social security organisations mainly refer to the receivable due to Be Solutions relating to the recovery of costs for welfare support systems previously held by the former Be EPS S.p.A..

Prepaid expenses amount to Euro 555 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 11.

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 31.12.2017	Balance at 31.12.2016
Tax receivables	345	562
Other tax receivables	222	230
TOTAL	**567**	**792**

Note 12.

Financial receivables and other current financial assets

Financial receivables amounting to Euro 591 thousand refer to receivables of Euro 499 thousand due from factoring companies on assignments made up to 31 December 2017, but settled after that date and receivables of Euro 92 thousand for accrued interest on factoring related to 2018 but paid in 2017.

Financial receivables and other current financial assets

	Balance at 31.12.2017	Balance at 31.12.2016
Other financial receivables	591	192
TOTAL	**591**	**192**

Note 13.

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 2017.

Note that the 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 31.12.2017	Of which business combinations	Balance at 31.12.2016
Bank and postal deposits	22,754	396	33,083
Cash at bank and in hand	13		26
TOTAL	**22,767**	**396**	**33,109**

Note 14.

Shareholders' Equity

At 31 December 2017, the Parent Company's fully paid-up share capital totalled Euro 27,109 thousand, divided into 134,897,272 ordinary shares.

On 27 April 2017, the Shareholders' Meeting approved the Financial Statements at 31 December 2016 of Be S.p.A., resolving to allocate Euro 12,867.44 of the Euro 257,348.77 profit for the year to the Legal Reserve and the remainder of Euro 244,481.33 to Profit carried forward, and to distribute a gross dividend totalling Euro 1,996,479.63, amounting to Euro 0.0148 per share, drawing on the Profit carried forward for Euro 244,481.33 and the Extraordinary reserve for the remaining 1,751,998.30.

The payment date of the dividend was 24 May 2017 - coupon no. 7 date of 22 May 2017 and record date of 23 May 2017.

Consolidated equity reserves at 31 December 2017 amount to Euro 21,177 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 389 thousand;
- Other Reserves of the Parent Company for Euro 2,522 thousand;
- IAS Reserves (FTA and IAS 19R) for Euro 58 thousand;
- other Consolidation Reserves for Euro 3,040 thousand.

Stock option plans

The company has no stock option plans.

Treasury shares

At 31 December 2017, the company holds no treasury shares. Note that, on 27 April 2017, an ordinary and extraordinary session of the Shareholders' Meeting of Be, was held, on second call, resolving, among other things, to approve, on the proposal of the Board of Directors, the plan to purchase and sell the Company's ordinary shares, in more than one tranche, on a rotational basis, up to the maximum number permitted by law (at present represented by a number of shares not exceeding 20% of share capital), to be determined also in accordance with the legal and regulatory provisions in force at the time and the share capital in hand at the time of each purchase.

The duration of the purchase plan has been set as 18 months from the date of approval of the Shareholders' Meeting.

Minority interests

Minority interests amount to Euro 799 thousand, compared to Euro 486 thousand at 31 December 2016.

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 currency	Total assets	Total Shareholders' Equity	Net Revenue	Net profit (loss) for the year	Total dividends distributed
R&L AG	41.16%	EUR	3,234	2,066	4,388	498	0
Fimas GmbH	40.00%	EUR	1,818	993	5,618	526	0
Be TSE GmbH	10.00%	EUR	9,290	4,822	18,453	564	350
Be Sport, Media & Entertainment Ltd	25.00%	GBP	159	(811)	52	(326)	0
Payments and Business Advisors S.L. (Paystrat)	40.00%	EUR	348	137	789	35	0
Paystrat Solutions SL (Pyngo)	34.74%	EUR	26	26	0	(13)	0
Iquii Srl	49.00%	EUR	1,404	448	1,634	280	0

Net Financial Indebtedness

The net financial indebtedness at 31 December 2017 was Euro 5,517 thousand compared to Euro 1,606 thousand at 31 December 2016; the breakdown is shown below.

Consolidated net financial position

	Amounts in EUR thousands	**31.12.2017**	**31.12.2016**	**Δ**	**Δ (%)**
	Cash and cash equivalents at bank	22,767	33,109	(10,342)	(31.2%)
A	**Cash and cash equivalents**	**22,767**	**33,109**	**(10,342)**	**(31.2%)**
B	**Current financial receivables**	**591**	**192**	**399**	**n.a.**
	Current bank payables	(3,789)	(5,184)	1,395	(26.9%)
	Current share of medium/long-term indebtedness	(12,968)	(14,063)	1,095	(7.8%)
	Other current financial payables	(43)	(17)	(26)	n.a.
C	**Current financial indebtedness**	**(16,800)**	**(19,264)**	**2,464**	**(12.8%)**
D	**Current Net Financial Position (A+B+C)**	**6,558**	**14,037**	**(7,479)**	**(53.3%)**
	Non-current bank payables	(12,021)	(15,610)	3,589	(23.0%)
	Other non-current financial payables	(54)	(33)	(21)	63.6%
E	**Non-current Net Financial Position**	**(12,075)**	**(15,643)**	**3,568**	**(22.8%)**
F	**Net financial position (D+E)**	**(5,517)**	**(1,606)**	**(3,911)**	**n.a.**

For comments on individual items, please refer to the content of Notes 12 and 13 above and Notes 15 and 16 below.

The effects of the amendments to international accounting standards IAS 7 made by the publication of the document "Disclosure Initiative (Amendments to IAS 7)".

(Amounts in EUR thousands)	31.12.2016	Cash Flow[1]	Non-monetary flows: Change in Scope of Consolidation[2]	Exchange rate differences	Change in Fair Value	Other changes	31.12.2017
Non-current financial indebtedness	(15,643)	3,568	0	0	0	0	(12,075)
Current financial indebtedness	(19,264)	2,428	0	0	0	36	(16,800)
Current financial receivables	192	399	0	0	0	0	591
Net liabilities resulting from financing activities	**(34,715)**	**6,395**	**0**	**0**	**0**	**36**	**(28,284)**
Cash and cash equivalents	33,109	(10,737)	396	0	0	0	22,767
Net Financial Indebtedness	**(1,606)**	**(4,342)**	**396**	**0**	**0**	**36**	**(5,517)**

Note 15.

Financial payables and other non-current financial liabilities

Non-current financial payables of Euro 12,075 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 31.12.2017	Balance at 31.12.2016
Non-current financial payables	12,075	15,643
TOTAL	**12,075**	**15,643**

The medium and long term loans outstanding at 31 December 2017 and relative maturities were as follows:

M/L term loans

Maturities	Balance at 31.12.2017	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Loans maturing in 2018	4879	4879	0	0	0	0
Loans maturing in 2019	3,973	2844	1129	0	0	0
Loans maturing in 2020	8505	3245	3292	1967	0	0
Loans maturing in 2021	7,628	2000	2026	2053	1548	0
TOTAL LOANS	**24,985**	**12,968**	**6,447**	**4,020**	**1,548**	**0**

[1] Flows shown in the Statement of Cash Flows.
[2] For acquisition/disposal transactions, please refer to paragraph 2.13 Business combinations in the reporting period.

During 2017, Be S.p.A. entered into new loans with collections from disbursements totalling Euro 11,900 thousand, while the repayments made amount to Euro 18,064 thousand.

Long-term financial payables include the negative impact of the application of the amortising cost and of the fair value of the IRS contract to hedge an increase of the interest rate on a variable interest rate loan granted in 2015, for a total of around Euro 4 thousand.

As regards 2017, the covenants on several loans were respected. Note that the fair value of the above loans is essentially in line with their book value.

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 16.

Financial payables and other current financial liabilities

Financial payables and other current financial liabilities

	Balance at 31.12.2017	Balance at 31.12.2016
Current financial payables	16,800	19,264
TOTAL	**16,800**	**19,264**

Current payables to banks at 31 December 2017 totalled around Euro 16,800 thousand and relate mainly to:

- current bank payables for Euro 3,789 thousand;
- Euro 43 thousand as the current portion of finance lease agreements;
- Euro 12,968 thousand as the short-term portion of the medium-long term loans obtained, as per the previous table.

Note 17.

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 31.12.2016	Of which business combinations	Increases - Allocation	Decreases - Utilisation	Balance at 31.12.2017
Post-employment benefits (TFR)	**6,114**	0	1,320	(576)	**6,858**
TOTAL	**6,114**	**0**	**1,320**	**(576)**	**6,858**

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

Main Actuarial Assumptions

Annual discount rate	1.30%
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:

changes in assumptions

Company	*POST-EMPLOYMENT BENEFITS (TFR)*	*turnover rate*		*inflation rate*		*discounting rate*	
		+1%	*-1%*	*+ 1/4 %*	*- 1/4 %*	*+ 1/4 %*	*- 1/4 %*
Be S.p.A.	173	172	174	176	171	169	177
Be Consulting S.p.A.	2,375	2,334	2,424	2,444	2,309	2,294	2,461
IQUII S.r.l.	80	78	81	82	77	77	83
Be Solutions S.p.A.	3,219	3,198	3,228	3,254	3,171	3,146	3,280

* 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	9.8
Be Consulting S.p.A.	761	22.1
IQUII S.r.l.	60	22.7
Be Solutions S.p.A.	0	8.9

** 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 2017, broken down by category, is illustrated in the following table:

Description	Average number current year	Average number previous year
Executives	105	96
Middle managers	118	122
White-collar staff	865	888
Blue collar	2	2
Apprentices	19	15
TOTAL	**1,109**	**1,123**

Note 18.

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%).

Deferred tax liabilities

	Balance at 31.12.2016	Increases	Decreases	Other changes	Business combinations	Balance at 31.12.2017
Deferred tax liabilities	6,074	505	(77)	(342)	63	6,223
TOTAL	**6,074**	**505**	**(77)**	**(342)**	**63**	**6,223**

Note 19.

Other non-current liabilities

At 31 December 2017, other non-current liabilities were Euro 6,772 thousand.

Other non-current liabilities

	Balance at 31.12.2017	Balance at 31.12.2016
Other non-current liabilities	6,772	10,066
TOTAL	**6,772**	**10,066**

This item mainly refers to:

- Euro 665 thousand relating to the portion of the residual discounted price for the future acquisition of minority interests in Be TSE GmbH;
- Euro 639 thousand relating to the portion of the residual discounted price for the future acquisition of minority interests in R&L AG;
- Euro 301 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Loc Consulting Ltd;
- Euro 1,229 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Iquii S.r.l.;
- Euro 1,780 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Payments and Business Advisors S.l.;
- Euro 1,522 thousand relating to the portion of the residual discounted price to pay to the former shareholders of Fimas;
- Euro 556 thousand refers to the payable for penalties received from Bassilichi in 2009, which the Parent Company has fully disputed;
- Euro 77 thousand relating to the long-term deferrals of Be Solutions.

Note 20.

Provision for current and non-current risks

At 31 December 2017, provisions for risks and charges refer to the following:

- provisions for pending disputes with employees for Euro 223 thousand, of which Euro 41 thousand relating to the Parent Company, Euro 82 thousand to the subsidiary Be Solutions and Euro 100 thousand to the subsidiary Be Consulting. The utilisation of provisions during the period relate to the Parent Company and the subsidiaries Be Solutions and Be Consulting, essentially referring to the conclusion of disputes with employees;
- other provisions for risks and charges mainly refer to the Parent Company and regard pending disputes with third parties in proceedings before Judicial Authorities of Euro 451 thousand and provisions of Euro 1,570 thousand for the variable emoluments of executive directors and key partners 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 31.12.2016	Reclassification	Increases	Decreases	Exchange gains/losses	Balance at 31.12.2017
Provision for risks - penalties	32		1	(2)		31
Provision for personnel risks	264		182	(223)		223
Other provisions for future risks and charges	858		1,323	(150)	(10)	2,021
TOTAL	**1,154**	**0**	**1,506**	**(375)**	**(10)**	**2,275**

Note 21.

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 31.12.2017	Of which business combinations	Balance at 31.12.2016
Trade payables	11,667	226	12,477
TOTAL	**11,667**	**226**	**12,477**

Note 22.

Tax Payables

The balance at 31 December 2017 relates to residual tax payables and to the allocation of the portion for 2017 of IRES and IRAP, in addition to the income tax of foreign companies, classified under other tax payables.

Tax payables

	Balance at 31.12.2017	Of which business combinations	Balance at 31.12.2016
IRES tax payables	29		55
IRAP tax payables	22		18
Other tax payables	567	43	847
TOTAL	**618**	**43**	**920**

Note 23.

Other liabilities and payables

Other liabilities and payables totalled Euro 21,102 thousand at 31 December 2017, as shown below:

Other liabilities and payables

	Balance at 31.12.2017	Of which business combinations	Balance at 31.12.2016
Social security and welfare payables	2,375		2,783
Payables to employees	2,955		3,593
Payables for VAT and withholding tax	5,867		7,162
Accrued expenses and deferred income	1,249		1,912
Other payables	8,656	444	4,134
TOTAL	**21,102**	**444**	**19,584**

Social security and welfare payables amounting to Euro 2,375 thousand relate to contributions payable by the company. Payables to employees include amounts due for additional months' salaries accrued at 31 December 2017 and for leave and permitted absences accrued but not used. Accrued expenses and deferred income, amounting to Euro 1,249 thousand mainly refer to deferred revenue receivable on invoices collectible in the reporting period subsequent to 31 December 2017.

Other payables, totalling Euro 8,656 thousand, refer, for Euro 5,000 thousand, to the guarantee deposit received in relation to the signature of a framework agreement with a leading bank, plus advances from customers and payments on account on multi-year contracts and outstanding payables on exit incentives already established during the period and to the amount due to directors.

This item also includes Euro 618 thousand relating to the short-term consideration for the acquisition of a minority shareholding in Fimas GmbH, Euro 198 thousand relating to the short-term portion of the residual price for the acquisition of a minority shareholding in R&L AG, and Euro 618 thousand relating to the short-term portion of the residual price for the acquisition of minority interests in LOC Consulting Ltd.

4. Breakdown of the main items of the Income Statement

Note 24.

Operating revenue

Revenue accrued during the year was from activities, projects and services performed on behalf of Group customers and amounts to Euro 127,721 thousand, compared to Euro 135,648 thousand last year.

The year that has just ended, compared with the previous one, recorded a decrease of Euro 7,927 thousand in revenue from sales and services; revenue originating from foreign companies amounted to Euro 53,821 thousand.

Note that the revenue relating to the top two customers of the Banking Group accounts for 47% of operating revenue.

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

Operating revenue

	FY 2017	FY 2016
Operating revenue	127,721	135,648
TOTAL	**127,721**	**135,648**

Note 25.

Other revenue and income

The Group's Other revenue and income totalled Euro 2,026 thousand at 31 December 2017, compared to Euro 1,077 thousand at 31 December 2016.

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 revenue and income

	FY 2017	FY 2016
Other revenue and income	2,026	1,077
TOTAL	**2,026**	**1,077**

Note 26.

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 2017	FY 2016
Change in inventories of raw materials and consumables	24	0
Purchase of raw materials and consumables	229	284
TOTAL	**253**	**284**

Note 27.

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 2017	FY 2016
Service costs	50,950	59,825
TOTAL	**50,950**	**59,825**

Service costs break down as follows:

Service costs

	FY 2017	FY 2016
Transport	74	99
Outsourced and consulting services	32,559	40,199
Remuneration of directors and statutory auditors	2,779	3,306
Marketing costs	3,239	3,151
Cleaning, surveillance and other general services	864	823
Maintenance and support services	308	314
Utilities and telephone charges	1,329	1,319
Consulting - administrative services	2,703	2,846
Other services (chargebacks, commissions, etc.)	2,080	2,462
Bank and factoring charges	588	770
Insurance	231	254
Rental and leasing	4,196	4,282
TOTAL	**50,950**	**59,825**

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 28.

Personnel costs

The figure shown represents the total personnel-related cost incurred by the Group in 2017.

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 "Post-employment 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 692 thousand, mainly relating to the ICT sphere.

Personnel costs

	FY 2017	FY 2016
Wages and salaries	46,539	44,508
Social security contributions	11,252	11,066
Post-employment benefits	2,661	2,840
Other personnel costs	2,857	2,923
TOTAL	**63,309**	**61,337**

The number of employees at 31 December 2017, broken down by category, is illustrated in the following table:

Description	No. in current period
Executives	106
Middle managers	117
White-collar staff	875
Blue collar	2
Apprentices	14
Total	**1,114**

Note 29.

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 780 thousand mainly referring to undeclared contingent assets relating to the current year and other operating costs for Euro 375 thousand referring to membership fees, fines, penalties on services provided and indirect taxes for Euro 345 thousand.

Other operating costs

	FY 2017	FY 2016
Other operating costs	1,500	1,488
TOTAL	**1,500**	**1,488**

Note 30.

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 2017	FY 2016
Cost of internal work capitalised	3,427	2,380
TOTAL	**3,427**	**2,380**

Note 31.

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 2017	FY 2016
Depreciation of property, plant and equipment	620	541
Amortisation of intangible assets	5,609	5,350
TOTAL	**6,229**	**5,891**

Note 32.

Allocations to provisions

Allocations to provisions for risks mainly concern the Be Solutions and Be Consulting for disputes with employees, customers and suppliers, as well as the Parent Company and IBe for the possible emolument to be paid to Directors and Key Partners. A more complete description can be found in notes 9 and 20, and paragraph 5.1.

Allocations to provisions

	FY 2017	FY 2016
Allocation to Provision for personnel risks and penalties	100	166
Allocation to Other provisions for future risks and charges	1,324	257
Allocation to bad debt provision	464	663
TOTAL	**1,888**	**1,086**

Note 33.

Financial income and expense

Financial income and expense

	FY 2017	FY 2016
Financial income	61	15
Financial expense	(1,289)	(1,304)
Revaluation (Write-down) of financial assets	(3)	0
Gains (Losses) on foreign currency transactions	(69)	(452)
TOTAL	**(1,300)**	**(1,741)**

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 2017	FY 2016
Interest expense on current bank accounts	22	39
Interest expense on factoring and advances on invoices	500	487
Interest expense on loans	355	498
Other financial expense	412	280
TOTAL	**1,289**	**1,304**

Note 34.

Current income taxes, deferred tax assets and liabilities

Current taxes relating to the year include Euro 442 thousand for IRAP tax and IRES tax plus the income tax for foreign affiliates for a total of Euro 1,390 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 2017	FY 2016
Current taxes	1,832	2,207
Deferred tax assets and liabilities	738	679
TOTAL	**2,570**	**2,886**

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	7,050	
Consolidation adjustments	9,261	
Aggregated profit (loss) before tax	**16,311**	
iBe Think Solve Execute Ltd	(103)	
Be Ukraine LLC	(35)	
Be Poland Think, Solve and Execute sp z.o.o	(261)	
Be De Group	(2,685)	
Be Sport, Media & Entertainment Ltd	326	
Be Think Solve Execute RO S.r.l.	(67)	
LOC Consulting Ltd	(87)	
Payments and Business Advisors S.l. (Paystrat)	(46)	
Paystrat Solutions SL (Pyngo)	13	
Total	**13,366**	
Theoretical tax burden (%)	**24%**	**3,208**
Temporary differences taxable in future years:		
Amortisation of goodwill	(2,169)	
Temporary differences taxable in future years:	**(2,169)**	**(521)**
Temporary differences deductible in future years:		
Services not completed at 31.12.2017	1,226	
Non-deductible allocations	1,094	
Taxable membership fees not paid	2	
Temporary differences deductible in future years:	**2,322**	**557**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2016	(1,134)	
Utilisation of provisions for risks	(1,247)	
Taxes for previous years paid	(25)	
Reversal of temporary differences from previous years:	**(2,406)**	**(577)**
Differences that will not be reversed in future years:		0
Wholly or partially non-deductible costs	1,359	
Permanent decreases	(7,602)	
Deductible interest expense	(130)	
ACE	(16)	
Use of previous tax losses	(3,778)	
Differences that will not be reversed in future years:	**(10,167)**	**(2,440)**
- Taxable income	**945**	
Current IRES on income for the year		**227**
Adjustments on previous years' taxes		**35**
TOTAL IRES for the year relating to Italian companies		**262**
TOTAL income taxes for the year - foreign companies		**1,128**
TOTAL income taxes - Group		**1,390**

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

Description	Amount	Taxes
Operating Profit (Loss) (EBIT)	9,045	
Consolidation adjustments	1,146	
Subsidiaries without IRAP debt	3,785	
Difference between aggregated value and cost of production	**13,976**	
iBe Think Solve Execute Ltd	(98)	
Be Sport, Media & Entertainment Ltd	274	
Be Think Solve Execute RO S.r.l.	(65)	
Be Ukraine LLC	(13)	
Be Poland Think, Solve and Execute sp z.o.o	(320)	
Be De Group	(3,275)	
LOC Consulting Ltd	(88)	
Payments and Business Advisors S.l. (Paystrat)	(49)	
Paystrat Solutions SL (Pyngo)	13	
Costs not relevant for IRAP purposes	41,270	
Deductible personnel costs	(40,871)	
Total	**10,754**	
- Theoretical tax burden (%)	**4.22%**	**454**
Increases	1,162	
Decreases	(1,482)	
	(320)	**(13)**
Taxable income for IRAP purposes	**10,434**	**441**
Adjustments on previous years' taxes		**1**
Total IRAP		**442**

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 2017	FY 2016
Profit (loss) from continuing operations pertaining to owners of the Company	4,478	4,246
Profit (loss) from discontinued operations pertaining to owners of the Company	0	0
Profit (loss) attributable to owners of the Parent Company	4,478	4,246
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 with various 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 674 thousand, 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 during the year, the dispute with AIPA and Vitrociset were closed by means of settlements. During the year, the Group made a further allocation to provisions of Euro 100 thousand against disputes underway with KS.

5.2. Non-recurring income and charges

In the year under analysis, the Be Group did not recognise any non-recurring charges pursuant to Consob Resolution no. 15519 of 27 July 2006.

The non-recurring charges mainly refer to non-recurring costs incurred for leaving incentives.

5.3. Related Party Transactions

The Company's Board of Directors adopted the "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). Note that the Be's Board of Directors has approved a new version of the procedure for transactions with the Company's related parties. The Procedure was changed in order to reflect some changes made by Consob to the Regulation for Related Party Transactions (approved on 22 March 2017) in order to align domestic legislation with that envisaged by the "Market Abuse Regulation".

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.

The Be Group's related parties with which economic and equity transactions were recognised at 31 December 2017 are: T.I.P. Tamburi Investment Partners S.p.A., IR Top S.r.l. and Talent Garden S.p.A.

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 substantially refer only to fees paid for the positions of Executive and 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.

With regard to Talent Garden S.p.A., in which the Be Solutions S.p.A. Group holds an investment of 1.67% of the share capital, note that the Chairman of the Board of Directors, Mr. Davide Dattoli was appointed a Board Director of the Parent Company Be S.p.A. by a deed dated 27 April 2017, and the economic transactions performed in the period refer to services provided to several Group companies.

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 2017

	Receivables			*Payables*		
	Trade and other receivables	**Other receivables**	*Financial receivables*	**Trade and other payables**	*Other payables*	*Financial payables*
Related Parties						
T.I.P. S.p.A.				18		
Talent Garden				4		
IR Top				6		
Total Related Parties	**0**	**0**	**0**	**28**		**0**

Receivables and payables with related parties at 31 December 2016

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

Revenue and costs with related parties in 2017

	Revenue	Other revenue	Financial income	Services	Other costs	Financial expense
	Revenue			*Costs*		
Related Parties						
T.I.P. S.p.A.				60	13	
C. Achermann				38		
Talent Garden				20		
IR Top				32		
Total Related Parties	**0**	**0**	**0**	**150**	**13**	**0**

Revenue and costs with related parties in 2016

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

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

STATEMENT OF FINANCIAL POSITION	**31.12.2017**	**Absolute value**	**%**	**31.12.2016**	**Absolute value**	**%**
Trade receivables	25,240	0	0%	22,935	6	0%
Other assets and receivables	2,778	0	0%	3,401	0	0%
Cash and cash equivalents	22,767	0	0%	33,109	0	0%
Financial payables and other liabilities	56,749	0	0%	64,557	0	0%
Trade payables	11,667	28	0%	12,477	57	0%
INCOME STATEMENT	**2017**	**Absolute value**	**%**	**2016**	**Absolute value**	**%**
Operating revenue	127,721	0	0%	135,648	5	0%
Service and other costs	52,450	163	0%	61,313	147	0%
Net financial expense	1,297	0	0%	1,741	0	0%

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

Consolidated Statement of Financial Position

(in accordance with Consob resolution no. 15519 of 27 July 2006)

Amounts in EUR thousands	31.12.2017	Of which related parties	31.12.2016	Of which related parties
NON-CURRENT ASSETS				
Property, plant and equipment	1,918		1,968	
Goodwill	59,722		55,645	
Intangible assets	17,082		17,678	
Equity investments in associates measured at net equity	32		0	
Equity investments in other companies	300		300	
Loans and other non-current assets	2,217		1,179	
Deferred tax assets	4,724		5,118	
Total non-current assets	**85,995**		**81,888**	
CURRENT ASSETS				
Inventories	15		39	
Trade receivables	25,240		22,935	6
Other assets and receivables	2,778		3,401	
Direct tax receivables	567		792	
Financial receivables and other current financial assets	591		192	
Cash and cash equivalents	22,767		33,109	
Total current assets	**51,958**		**60,468**	**6**
Total discontinued operations			**0**	
TOTAL ASSETS	**137,953**		**142,356**	**6**
SHAREHOLDERS' EQUITY				
Share capital	27,109		27,109	
Reserves	21,177		19,219	
Net profit (loss) attributable to owners of the Parent Company	4,478		4,246	
Group Shareholders' equity	**52,764**		**50,574**	
Minority interests:				
Capital and reserves	102		165	
Net profit (loss) attributable to minority interests	697		321	
Minority interests	**799**		**486**	
TOTAL SHAREHOLDERS' EQUITY	**53,563**		**51,060**	
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	12,075		15,643	
Provisions for risks	2,244		1,122	
Post-employment benefits (TFR)	6,858		6,114	
Deferred tax liabilities	6,223		6,074	
Other non-current liabilities	6,772		10,066	
Total Non-current liabilities	**34,172**		**39,019**	
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	16,800		19,264	
Trade payables	11,667	28	12,477	57
Provision for current risks	31		32	
Tax payables	618		920	
Other liabilities and payables	21,102		19,584	
Total Current liabilities	**50,218**	**28**	**52,277**	**57**
Total discontinued operations	**0**		**0**	
TOTAL LIABILITIES	**84,390**	**28**	**91,296**	**57**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**137,953**	**28**	**142,356**	**57**

Consolidated Income Statement

Amounts in EUR thousands	**FY 2017**	**Of which related parties**	**Of which non-recurring income (charges)**	**FY 2016**	**Of which related parties**	**Of which non-recurring income (charges)**
Operating revenue	127,721			135,648	5	
Other revenue and income	2,026			1,077		
Total Revenue	**129,747**			**136,725**		
Raw materials and consumables	(253)			(284)		
Service costs	(50,950)	(150)	(45)	(59,825)	(147)	
Personnel costs	(63,309)		(967)	(61,337)		(2,017)
Other operating costs	(1,500)	(13)		(1,488)		
Cost of internal work capitalised	3,427			2,380		
Amortisation, depreciation and write-downs:						
Depreciation of property, plant and equipment	(620)			(541)		
Amortisation of intangible assets	(5,609)			(5,350)		
Allocations to provisions	(1,888)			(1,086)		
Total Operating Costs	**(120,702)**	**(163)**	**(1,013)**	**(127,531)**	**(147)**	**(2,017)**
Operating Profit (Loss) (EBIT)	**9,045**	**(163)**	**(1,013)**	**9,194**	**(142)**	**(2,017)**
Financial income	61			15		
Financial expense	(1,358)			(1,756)		
Effect of measurement at equity	(3)					
Total Financial Income/Expense	**(1,300)**			**(1,741)**		
Profit (loss) before tax	**7,745**	**(163)**	**(1,013)**	**7,453**	**(142)**	**(2,017)**
Current income taxes	(1,832)			(2,207)		
Deferred tax assets and liabilities	(738)			(679)		
Total Income taxes	**(2,570)**	**0**	**(1,013)**	**(2,886)**	**0**	**0**
Net profit (loss) from continuing operations	**5,175**	**(163)**	**(1,013)**	**4,567**	**(142)**	**(2,017)**
Net profit (loss) from discontinued operations	**0**			**0**		
Net profit (loss)	**5,175**	**(163)**	**(1,013)**	**4,567**	**(142)**	**(2,017)**
Net profit (loss) attributable to minority interests	**697**			**321**		
Net profit (loss) attributable to owners of the Parent Company	**4,478**			**4,246**		

Consolidated Statement of Cash Flows

Amounts in EUR thousands	2017	Of which related parties	2016	Of which related parties
Net profit (loss)	5,175		4,567	
Amortisation, depreciation and write-downs	6,229		5,891	
Non-monetary changes in post-employment benefits (TFR)	1,300		923	
Net financial expense in the income statement	1,414		1,872	0
Taxes for the year	1,832		2,207	
Deferred tax assets and liabilities	738		544	
Losses on current assets and provisions	1,888		1,086	
Increase in internal work capitalised	(3,427)		(2,380)	
Other non-monetary changes	10		14	
Exchange rate conversion differences	(78)		1,020	
Cash flow from operating activities	**15,081**		**15,744**	
Change in inventories	24		3	
Change in trade receivables	(1,715)	6	417	1,349
Change in trade payables	(1,035)	(29)	(304)	(107)
Use of bad debt provisions	(767)		(2,067)	
Other changes in current assets and liabilities	(4,984)		1,114	
Taxes for the year paid	(511)		(231)	
Post-employment benefits paid	(576)		(1,214)	
Other changes in non-current assets and liabilities	(1,985)		(188)	
Change in net working capital	(11,548)		**(2,470)**	
Cash flow from (used in) operating activities	**3,533**		**13,274**	
(Purchase) of property, plant and equipment net of disposals	(470)		(1,219)	
(Purchase) of intangible assets net of disposals	(1,650)		(160)	
Cash flow from business combinations net of cash acquired	(616)		(2,283)	
(Purchase)/sale of equity investments and securities	0		(300)	
Cash flow from (used in) investing activities	**(2,736)**		**(3,962)**	
Change in current financial assets	(399)		6	3
Change in current financial liabilities	(2,428)		1,620	(3,487)
Change in non-current financial assets	0		0	
Financial expense paid	(1,333)		(1,730)	
Change in non-current financial liabilities	(3,568)		6,357	
Cash paid for purchase of share pertaining to third parties	(1,077)		(220)	
Distribution of dividends paid to Group shareholders	(1,996)		(1,500)	
Distribution of dividends paid to minority interests	(350)		(362)	
Change in share of minority interests	14		0	
Cash flow from (used in) financing activities	**(11,138)**		**4,171**	
Cash flow from (used in) discontinued operations	0		**0**	
Cash and cash equivalents	**(10,342)**		**13,483**	
Net cash and cash equivalents - opening balance	33,109		19,626	1,372
Net cash and cash equivalents - closing balance	22,767		33,109	
Net increase (decrease) in cash and cash equivalents	**(10,342)**		**13,483**	

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, LOC Consulting Ltd, Be Ukraine Think, Solve, Execute S.A., Be Poland Think, Solve, Execute Sp.zo.o., Be Think Solve Execute RO and the Be DE 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 (PNL)	(65)	79
Ukrainian Hryvnia (UAH)	(28)	34
Romanian Leu (RON)	(52)	64
British Pound (GBP)	89	(108)
Swiss Franc (CHF)	(36)	44
Total	**(92)**	**113**

Following a hypothetical increase of all exchange rates of ten percent, the overall impact would be a negative Euro 92 thousand, against a positive impact of Euro 113 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 Group is 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 24, the top two customers of the Banking Group account for 47% of operating revenue. The maximum theoretical exposure to credit risk for the group at 31 December 2017 is represented by the book value of the financial assets taken from the consolidated 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 2017 would result in a pre-tax expense of Euro 180 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. The 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 15 and 16 "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 15 and 16, while with regard to trade payables, the amount due within the following year is shown on the financial statements.

According to the Management, the funds currently available, in addition to those that will be generated by operating and funding activities, including 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 2017, 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 2017 totalled Euro 305 thousand (Euro 212 thousand last year), of which Euro 26 thousand refer to the limited audit of the "Non-financial declaration at 31.12.2017".

The independent auditors did not carry out any activities other than auditing the financial statements.

6. Events after the reporting period at 31 December 2017

No significant events occurred after the end of the year.

Milan, 15 March 2018.

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

Certification of 2017 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 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 2017.

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, 15 March 2018.

/signed/ Manuela Mascarini
Executive in charge of preparing
the company's accounting documents

Manuela Mascarini

/signed/ Stefano Achermann
Chief Executive Officer

Stefano Achermann

Deloitte

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

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

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A. (il Gruppo), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2017, 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 e dalle note esplicative al bilancio consolidato che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2017, 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.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla società Be Think, Solve, Execute S.p.A. (la Società) in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test degli Avviamenti

Descrizione dell'aspetto chiave della revisione

Il Gruppo Be iscrive nel bilancio consolidato al 31 dicembre 2017 avviamenti per complessivi Euro 59,7 milioni allocati alle "cash generating unit" (CGU), ICT Services e Business Consulting, in cui si articola l'attività del Gruppo. Tali avviamenti non sono ammortizzati, ma, come previsto dal principio contabile IAS 36, sono sottoposti a impairment test almeno annualmente mediante confronto tra il valore recuperabile delle CGU - determinato secondo la metodologia del valore in uso - e il loro valore contabile che tiene conto degli avviamenti e delle altre attività allocate alle CGU.

La determinazione del valore recuperabile di ciascuna CGU è basata su stime e assunzioni effettuate dalla Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi delle CGU, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate).

In considerazione della rilevanza dell'ammontare degli avviamenti iscritti e della soggettività della stima delle principali assunzioni attinente la determinazione dei flussi di cassa delle CGU e delle variabili chiave del modello di impairment, abbiamo considerato l'impairment test degli avviamenti un aspetto chiave della revisione del bilancio consolidato del Gruppo Be Think, Solve, Execute S.p.A..

La Nota 2 del bilancio consolidato riporta l'informativa in merito alla voce in oggetto e al test di impairment.

Procedure di revisione svolte

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure anche avvalendoci del supporto di esperti:

- esame delle modalità usate dalla Direzione per la determinazione del valore d'uso delle CGU, analizzando i metodi e le assunzioni utilizzati dalla Direzione a tale fine;
- rilevazione e comprensione dei controlli rilevanti posti in essere dal Gruppo sul processo di effettuazione dell'impairment test;
- ottenimento di informazioni dalla Direzione e analisi di ragionevolezza sulle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa;
- analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;
- verifica della corretta determinazione del valore contabile delle CGU;
- verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore in uso delle CGU;
- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);
- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dalla Società sull'impairment test e la sua conformità a quanto previsto dallo IAS 36.

Responsabilità degli Amministratori e del Collegio Sindacale 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 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Be Think, Solve, Execute S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Be Think, Solve, Execute S.p.A. ci ha conferito in data 10 maggio 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Legale, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del gruppo Be Think, Solve, Execute S.p.A. al 31 dicembre 2017, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio consolidato del gruppo Be Think, Solve, Execute S.p.A. al 31 dicembre 2017 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del gruppo Be Think, Solve, Execute S.p.A. e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Dichiarazione ai sensi dell'art. 4 del Regolamento Consob di attuazione del D.Lgs. 30 dicembre 2016, n.254

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del D.Lgs. 30 dicembre 2016, n.254.

Abbiamo verificato l'avvenuta approvazione da parte degli Amministratori della dichiarazione non finanziaria.

Ai sensi dell'art. 3, comma 10, del D.Lgs. 30 dicembre 2016, n. 254, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

DELOITTE & TOUCHE S.p.A.

Stefano Marnati
Socio

Milano, 30 marzo 2018

Parent Company Financial Statements

At 31 December 2017

A. Statement of Financial Position

Amounts in EUR	Notes	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Property, plant and equipment	*1*	4,137	8,444
Goodwill	*2*	10,170,000	10,170,000
Intangible assets	*3*	1,000	0
Equity investments in subsidiaries	*4*	34,198,964	39,081,250
Loans and other non-current assets	*5*	562,222	556,222
Deferred tax assets	*6*	3,664,329	4,253,725
Total non-current assets		**48,600,652**	**54,069,641**
CURRENT ASSETS			
Trade receivables	*7*	4,612,418	2,663,316
Other assets and receivables	*8*	10,051,837	10,408,221
Direct tax receivables	*9*	46,673	131,488
Financial receivables and other current financial assets	*10*	22,915,779	22,839,338
Cash and cash equivalents	*11*	14,884,147	25,229,473
Total current assets		**52,510,854**	**61,271,836**
Total discontinued operations		**0**	**0**
TOTAL ASSETS		**101,111,506**	**115,341,477**
SHAREHOLDERS' EQUITY			
Share capital		27,109,165	27,109,165
Reserves		18,016,761	19,732,441
Net profit (loss)		1,299,554	257,349
TOTAL SHAREHOLDERS' EQUITY	*12*	**46,425,480**	**47,098,955**
NON-CURRENT LIABILITIES			
Financial payables and other non-current financial liabilities	*13*	12,020,559	15,609,592
Provisions for future risks and charges	*14*	1,724,101	646,672
Post-employment benefits (TFR)	*15*	173,100	204,517
Deferred tax liabilities	*16*	2,930,994	2,745,725
Other non-current liabilities	*17*	556,222	5,556,222
Total Non-current liabilities		**17,404,976**	**24,762,729**
CURRENT LIABILITIES			
Financial payables and other current financial liabilities	*18*	27,014,648	36,452,185
Trade payables	*19*	1,028,322	1,128,740
Tax payables	*20*	29,480	0
Other liabilities and payables	*21*	9,208,600	5,898,869
Total Current liabilities		**37,281,050**	**43,479,793**
Total discontinued operations		**0**	**0**
TOTAL LIABILITIES		**54,686,026**	**68,242,522**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**101,111,506**	**115,341,477**

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.

B. Income Statement

Amounts in EUR	*Notes*	FY 2017	FY 2016
Operating revenue	*22*	4,875,345	4,343,608
Other revenue and income	*23*	715,506	532,829
Total Operating revenue		**5,590,851**	**4,876,436**
Raw materials and consumables	*24*	(1,530)	(3,280)
Service costs	*25*	(4,787,038)	(4,845,236)
Personnel costs	*26*	(3,192,166)	(2,866,620)
Other operating costs	*27*	(161,070)	(398,870)
Amortisation, depreciation and write-downs:			
Depreciation of property, plant and equipment	*28*	(1,947)	(19,159)
Amortisation of intangible assets	*28*	(500)	(3,566)
Impairment loss on current assets	*29*		(140,000)
Allocations to provisions	*29*	(1,232,000)	0
Total Operating Costs		**(9,376,251)**	**(8,276,730)**
Operating Profit (Loss) (EBIT)		**(3,785,400)**	**(3,400,293)**
Financial income	*30*	4,490,569	4,270,699
Financial expense	*30*	(412,231)	(518,340)
Write-down of financial assets	*30*	0	(1,200,000)
Total Financial Income/Expense		**4,078,338**	**2,552,359**
Profit (loss) before tax		**292,938**	**(847,934)**
Current income taxes	*31*	1,852,739	1,540,177
Deferred tax assets and liabilities	*31*	(846,123)	(434,894)
Total Income taxes		**1,006,616**	**1,105,283**
Net profit (loss) from continuing operations		**1,299,554**	**257,349**
Net profit (loss) from discontinued operations			**0**
Net profit (loss)		**1,299,554**	**257,349**

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.

C. Statement of Comprehensive Income

Amounts in EUR	FY 2017	FY 2016
Net profit (loss)	**1,299,554**	**257,349**
Items not subject to reclassification in the income statement		
Actuarial gains (losses) on employee benefits	1,269	(9,256)
Tax effect on actuarial gains (losses)	(304)	2,545
Items subject to reclassification in the income statement when certain conditions are met		
Gains (losses) on cash flow hedges	22,486	3,645
Gains (losses) on the restatement (fair value) of available-for-sale financial assets		
Other items of comprehensive income	**23,451**	**(3,066)**
Net comprehensive profit (loss)	**1,323,005**	**254,283**

D. Statement of Cash Flows

Amounts in EUR	**FY 2017**	**FY 2016**
Net profit (loss)	1,299,554	257,349
Amortisation, depreciation and write-downs	2,447	22,725
Non-monetary changes in post-employment benefits (TFR)	2,446	45,905
Net financial expense in the income statement	(4,078,338)	(3,752,359)
Taxes for the year	(1,852,739)	(1,540,177)
Deferred tax assets and liabilities	846,123	434,894
Losses on current assets and provisions	1,232,000	1,340,000
Other non-monetary changes	924	3,645
Cash flow from operating activities	**(2,547,583)**	**(3,188,018)**
Change in trade receivables	(1,832,707)	(1,177,225)
Change in trade payables	(100,418)	201,970
Use of bad debt provisions	(154,572)	(1,148,522)
Other changes in current assets and liabilities	537,148	1,190,662
Taxes for the year paid	(73,177)	0
Post-employment benefits paid	(32,594)	0
Other changes in non-current assets and liabilities	(77,762)	(10,651)
Change in net working capital	**(1,734,081)**	**(943,766)**
Cash flow from (used in) operating activities	**(4,281,664)**	**(4,131,784)**
(Purchase) of property, plant and equipment net of disposals	2,360	(468)
(Purchase) of intangible assets net of disposals	(1,500)	0
Cash paid to purchase equity investments	0	0
Cash flow from (used in) investing activities	**860**	**(468)**
Change in current financial assets	(76,441)	2,712,707
Change in current financial liabilities	(4)	7,696,003
Change in non-current financial liabilities	(3,589,034)	7,205,096
Financial expense paid	(402,564)	(556,303)
Distribution of dividends paid to Company shareholders	(1,996,480)	(1,500,000)
Cash paid to purchase equity investment	0	(220,000)
Cash flow from (used in) financing activities	**(6,064,523)**	**15,337,503**
Cash flow from (used in) discontinued operations	**0**	0
Cash and cash equivalents	**(10,345,326)**	**11,205,251**
Net cash and cash equivalents - opening balance	25,229,473	14,024,222
Net cash and cash equivalents - closing balance	14,884,147	25,229,473
Net increase (decrease) in cash and cash equivalents	**(10,345,326)**	**11,205,251**

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.

E. Statement of Changes in Shareholders' Equity

Amounts in EUR	Share capital	Legal Reserve	Share Premium reserve	Extraordinary reserve	Other reserves	Profit (loss) carried forward	Profit (loss) for the year	Shareholders' Equity
SHAREHOLDERS' EQUITY AT 31.12.2015	**27,109,165**	**249,144**	**15,168,147**	**3,983,731**	**(711,820)**	**0**	**2,546,305**	**48,344,672**
Net profit (loss)							257,349	257,349
Other items of comprehensive income					(3,066)			(3,066)
Net comprehensive profit (loss)					**(3,066)**	**0**	**257,349**	**254,283**
Allocation of prior year profit (loss)		127,315		918,990			(1,046,305)	0
Dividend distribution							(1,500,000)	(1,500,000)
SHAREHOLDERS' EQUITY AT 31.12.2016	**27,109,165**	**376,459**	**15,168,147**	**4,902,721**	**(714,886)**	**0**	**257,349**	**47,098,955**
Net profit (loss)							1,299,554	1,299,554
Other items of comprehensive income					23,451			23,451
Net comprehensive profit (loss)					**23,451**	**0**	**1,299,554**	**1,323,005**
Allocation of prior year profit (loss)		12,867				244,482	(257,349)	0
Dividend distribution				(1,751,998)		(244,482)		(1,996,480)
SHAREHOLDERS' EQUITY AT 31.12.2017	**27,109,165**	**389,326**	**15,168,147**	**3,150,723**	**(691,435)**	**0**	**1,299,554**	**46,425,480**

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 2017 were approved for publication by the Board of Directors on 15 March 2018. Be S.p.A. has also drawn up the Consolidated Financial Statements for the Be Group at 31 December 2017.

2. Measurement criteria and accounting standards

2.1 Presentation criteria

The financial statements of Be S.p.A at 31 December 2017 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 2018-2020 Plan was prepared by the Directors for the purpose of Impairment testing, approved by the Board of Directors' Meeting held on 7 February 2018 (hereinafter 2018-2020 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 2018-2020 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 and financial indebtedness illustrated in specific chapters of the Management Report, the paragraphs below provide information on going concern assumptions.

2018-2020 Plan

The 2018-2020 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 2017 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 2017, 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 property, plant and equipment 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
Other assets:	
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 their 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 be 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, 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%.

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 2017-2019 with the subsidiaries Be Consulting Think, Project & Plan S.p.A. (hereinafter "Be Consulting") and Iquii Srl; for the three-year period 2015-2017 with the following subsidiary: Be Solutions Solve, Realize & Control S.p.A. ("Be Solutions").

Note that on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise, Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. The deed of merger will become effective, for civil law purposes, from 1 October 2017; for the sole purposes of article 2501-*ter* no. 6 of the Italian Civil Code, the transactions of the incorporated companies will be recognised in the financial statements of the incorporating company from 1 January 2017 and it will become effective for tax purposes from the same date.

Note that, Italian Legislative Decree 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 for the three year period 2016-2018.

Note that in January 2017, the liquidation of A&B S.p.A., 100% owned by the Parent Company Be S.p.A., was completed. This company has been inactive since 31 December 2016.

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 2017, 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 2017

The accounting principles adopted are the same as for the previous year, except for those entering into force from 1 January 2017, and adopted by the Group for the first time, i.e.:

- 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 reconsolidation between the opening balance and the closing balance of liabilities resulting from financial transactions. The presentation of comparative information relating to previous years is not required.

The impact of this amendment is illustrated in the paragraph entitled "Net Financial Indebtedness".

- 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 valuation of financial assets of the "Available for Sale" category in the event of certain circumstances and on an estimate of taxable income in future years.

  The adoption of this amendment has had no effect on the Parent 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 2017

- 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.

  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 Parent 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. Furthermore, in the changes of unsubstantial liabilities, it is no longer permitted to spread the economic effects of the renegotiation on the residual term of the debt by changing the effective interest rate on said date, but the relative effect must be recognised in 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 Parent Company's financial statements.

- 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 Parent Company's financial statements. An initial analysis conducted on active contracts relating to rent, leased vehicles and other operating assets, the potential impact for the Company, considering the individual due date that cover the period between 1 January 2017 and 31 December 2021, amounts to higher financial payables of Euro 0.3 million.

- 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 Parent 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 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. This amendment is applicable from 1 January 2017; however, as it has not yet been endorsed by the European Union, it was not adopted by the Group at 31 December 2017.

  The directors do not expect the adoption of these amendments to have a significant impact on the Parent 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:

  - the date of initial recognition of the payment or the receipt made in advance in the financial statements of the entity;
  - 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.

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

- On 7 June 2017, the IASB published the Interpretation document **IFRIC 23 – Uncertainty over Income Tax Treatments.** The document tackles the topic of uncertainty over the tax treatment to adopt as regards income taxes. The document envisages that uncertainties in the determination of tax liabilities or assets are reflected in the financial statements only when it is likely that the entity will pay or recover the amount in question. Furthermore, the document does not contain any new disclosure obligation but emphasises that the entity must establish whether it is necessary to provide information on the considerations made by management and regarding the uncertainty on the accounting treatment of taxes, in accordance with the provisions of IAS 1. The new interpretation is applicable from 1 January 2019, although early adoption is permitted.

At present, the directors are assessing the potential impact that the introduction of this interpretation would have on the Parent Company's financial statements.

- On 12 October 2017, the IASB published a document entitled **"Prepayment Features with Negative Compensation (Amendments to IFRS 9)"**. This document specifies that a debt instrument which envisages an early repayment option could respect the characteristics of contractual cash flows ("SPPI" test) and, consequently, could be measures using the amortised cost method or the fair value through other comprehensive income method, also in the event in which the reasonable additional compensation envisaged in the case of early repayment is a negative compensation for the lender. The amendment is applicable from 1 January 2019, although early adoption is permitted.

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

- On 12 October 2017, the IASB published a document entitled **"Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)"**. This document clarifies the need to apply IFRS 9, including the requirements relating to impairment, to other long-term interests in associates and joint ventures to which the equity method does not apply. The amendment is applicable from 1 January 2019, although early adoption is permitted.

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

  On 12 December 2017, the IASB published a document entitled "**Annual Improvements to IFRSs: 2015-2017 Cycle**" which summarises the changes to several standards as part of the annual process to improve the same. The main changes regard:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it must remeasure previously held interests in said business. Instead, this process is not envisaged if joint control is obtained.
  - IAS 12 Income Taxes: the amendment clarifies that all of the tax effects linked to dividends (including payments on financial instruments classified under equity) must be accounted in a consistent manner with the transaction that generated said profits (income statement, OCI or equity).
  - IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that are still in place even after the qualifying asset in question is ready to use or to sell, the same become part of the set of loans used to calculates the borrowing costs.

  The amendment is applicable from 1 January 2019, although early adoption is permitted.

  The directors do not expect the adoption of these amendments to have a significant impact on the Parent Company'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 Parent 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 2016	Increases	Decreases	Reclassifications	Write-downs	Historical cost 2017
Plant and machinery	3,514					3,514
Other assets	312,464	2,210	(14,672)			300,002
TOTAL	**315,978**	**2,210**	**(14,672)**	**0**	**0**	**303,516**

Change in accumulated depreciation

	Accumulated depreciation 2016	Depreciation	Decreases	Reclassifications	Write-downs	Accumulated depreciation 2017
Plant and machinery	3,514					3,514
Other assets	304,020	1,947	(10,102)			295,865
TOTAL	**307,534**	**1,947**	**(10,102)**	**0**	**0**	**299,379**

Net book value

	Net value 2016	Net value 2017
Plant and machinery	0	0
Other assets	8,444	4,137
TOTAL	**8,444**	**4,137**

The figure for the item other assets includes the following categories:

- ordinary office furniture and machines;
- electronic office machines;
- mobile phones.

The changes during the year refer to the purchase and disposal of electronic office machines, motor vehicles and mobile phones.

Note 2.

Goodwill

Goodwill

	Balance at 31.12.2016	Increases	Decreases	Impairment Loss	Balance at 31.12.2017
Goodwill	10,170,000				10,170,000
TOTAL	**10,170,000**	**0**	**0**	**0**	**10,170,000**

Goodwill at 31 December 2017 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 2017, 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 disposal of the "DMO-BPO business division" in 2017, transferred to Be Solutions following the extraordinary merger of the two companies, 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 2017, 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 2018-2020 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 2018-2020 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 2018-2020 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 2016	Increases	Decreases	Other changes	Write-downs	Historical cost 2017
Concessions, licences and trademarks	69,485	1,500		(69,485)		1,500
TOTAL	**69,485**	**1,500**	**0**	**(69,485)**	**0**	**1,500**

Change in accumulated amortisation

	Accumulated amortisation 2016	Amortisation	Decreases	Other changes	Write-downs	Accumulated amortisation 2017
Concessions, licences and trademarks	69,485	500		(69,485)		500
TOTAL	**69,485**	**500**	**0**	**(69,485)**	**0**	**500**

Reconciliation of book value

	Net value 2016	Net value 2017
Concessions, licences and trademarks	0	1,000
TOTAL	**0**	**1,000**

Intangible assets, fully amortised from last year, rose in FY 2017 following the purchase of new licences for Talentia software.

Note 4.

Equity investments in subsidiaries

Equity investments in subsidiaries amount to Euro 34,199 thousand and are summarised in the following table.

Equity investments in subsidiaries

	31.12.2016	Increases	Decreases	Extraordinary transactions	31.12.2017
A & B S.p.A. in liquidation	5,382,286			(5,382,286)	0
Be Professional S.p.A.	4,350,673	500,000		(4,850,673)	0
Be Solutions S.p.A.	22,965,600			4,850,673	27,816,273
Be Consulting S.p.A.	6,377,672				6,377,672
Be Romania Srl	5,019				5,019
TOTAL	**39,081,250**	**500,000**	**0**	**(5,382,286)**	**34,198,964**

- **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 2017.

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.

  Note that on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. and Be Enterprise Process Solutions S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed, the aim of which is to achieve greater efficiency in terms of business management of the companies involved.

  The transactions of the incorporated companies were recognised in the financial statements of the incorporating company from 1 January 2017 and it became effective for tax purposes from the same date.

- **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..

  Note that in January 2017, the liquidation of the A&B S.p.A. 100% owned by the Parent Company Be S.p.A. was completed. This company provided services for local public administration and has been inactive since 31 December 2016.

  Furthermore, on 25 September 2017, the deed of merger by incorporation of Be Professional Services S.p.A. into Be Solutions Solve, Realize & Control S.p.A. was signed. The deed of merger will become effective, for civil law purposes, from 1 October 2017; for the sole purposes of article 2501-ter no. 6 of the Italian Civil Code, the transactions of the incorporated companies will be recognised in the financial statements of the incorporating company from 1 January 2017 and it will become effective for tax purposes from the same date.

The table below summarises the equity investments held:

Company	Registered office	Share Capital	Shareholders' Equity at 31.12.2017	Profit (loss) for the Year at 31.12.2017	Interest held	Value attributed to financial statements at 31.12.2017	Shareholders' Equity pro rata difference and value attributed to the financial statements
Be Consulting S.p.A.	Rome	120,000	14,583,743	8,062,537	100%	6,377,672	8,206,071
Be Solutions S.p.A.	Rome	7,548,441	11,046,062	1,363,078	100%	27,816,273	(16,770,211)
Be Romania	Bucharest	4,723	573,820	56,707	100%	5,019	568,801

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 Solutions was 9.27% and for Be Consulting 9.27%;
- 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 2017;
- 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:

- 12.22% with regard to the equity investment in Be Solutions;

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 31.12.2017	Balance at 31.12.2016
Guarantee deposits	6,000	0
Other non-current receivables	556,222	556,222
TOTAL	**562,222**	**556,222**

Euro 6 thousand of receivables and other non-current assets refer to guarantee deposits and Euro 556 thousand to receivables due from Bassilichi, with which a dispute is currently underway; a payable of the same amount has been recognised in non-current liabilities against the latter 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 31.12.2016	Extraordinary transactions	Increases	Decreases	Other changes	Balance at 31.12.2017
Deferred tax assets	4,253,725	79,384	272,704	(933,558)	(7,926)	3,664,329
TOTAL	**4,253,725**	**79,384**	**272,704**	**(933,558)**	**(7,926)**	**3,664,329**

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 and emoluments of directors 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 2018-2020 Plan. Deferred tax assets are calculated using the tax rates in force from 1 January 2017 (IRES 24% and IRAP 3.9%-4.26%).

Note 7.

Trade receivables

Trade receivables

	Balance at 31.12.2017	Of which extraordinary transactions	Balance at 31.12.2016
Receivables due from customers	1,130,230	462,167	767,981
Bad debt provision for receivables due from customers	(411,745)	(268,745)	(175,335)
Receivables due from Group Companies	3,893,933		2,070,670
TOTAL	**4,612,418**	**193,422**	**2,663,316**

Trade receivables amount to:

- Euro 3,894 thousand due from Group companies, mainly relating to management fees;
- Euro 1,130 thousand, the most important items of which include: 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, last year, it was considered appropriate to prudentially allocate Euro 140 thousand to the bad debt provision. Furthermore, the Parent Company acquired a receivable of Euro 462 thousand from A&B S.p.A. in liquidation, and a bad debt provision of Euro 269 thousand from the Town Council of Augusta.

  During the year, Euro 32 thousand was used for receivables that were no longer recoverable.

The amount recognised in the financial statements is shown net of the bad debt provision of Euro 412 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:

Bad debt provision

	Balance at 31.12.2017	Of which extraordinary transactions	Balance at 31.12.2016
Opening balance	444,080	268,745	35,335
Allocations	0		140,000
Utilisation	(32,335)		0
TOTAL	**411,745**	**268,745**	**175,335**

Comments on the way in which credit risk is managed are contained in paragraph 5.5.

Note 8.

Other assets and receivables

Other assets and receivables

	Balance at 31.12.2017	Of which extraordinary transactions	Balance at 31.12.2016
Advances to suppliers for services	24,400		0
Receivables due from employees	69,169		0
VAT credits and other indirect taxes	185,103	34,316	640
Accrued income and prepaid expenses	58,761		62,280
Other receivables	0		21,854
Other receivables due from Group companies	9,714,404		10,323,447
TOTAL	**10,051,837**	**34,316**	**10,408,221**

The item Other receivables due from Group companies mainly represents the receivable due from subsidiaries under the tax consolidation scheme.

Note 9.

Tax receivables

Tax receivables

	Balance at 31.12.2017	Of which extraordinary transactions	Balance at 31.12.2016
Tax receivables for tax consolidation scheme	0		131,488
Receivables from IRES refunds	46,673	46,673	0
TOTAL	**46,673**	**46,673**	**131,488**

As already mentioned, the Company acquired a refund request relating to a previous receivable from the subsidiary A&B S.p.A.

Note 10.

Financial receivables and other current financial assets

Financial receivables and other current financial assets

	Balance at 31.12.2017	Balance at 31.12.2016
Financial receivables due from Group Companies	22,915,779	22,839,338
TOTAL	**22,915,779**	**22,839,338**

This item is entirely comprised by receivables due from subsidiaries amounting to Euro 22,916 thousand relating to the centralised treasury activities of the Parent Company.

Note 11.

Cash and cash equivalents

Cash and cash equivalents

	Balance at 31.12.2017	Of which extraordinary transactions	Balance at 31.12.2016
Bank and postal deposits	14,883,979		25,229,117
Cash at bank and in hand	168	62	356
TOTAL	**14,884,147**	**62**	**25,229,473**

The balance represents cash held in current accounts at banks and post offices, and cash on hand at 31 December 2017.

Note 12.

Shareholders' Equity

Share Capital and Reserves

At 31 December 2017 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.

On 27 April 2017, the Shareholders' Meeting approved the Financial Statements at 31 December 2016 of Be S.p.A., resolving to allocate Euro 12,867.44 of the Euro 257,348.77 profit for the year to the Legal Reserve and the remainder of Euro 244,481.33 to Profit carried forward, and to distribute a gross dividend totalling Euro 1,996,479.63, amounting to Euro 0.0148 per share, drawing on the Profit carried forward for Euro 244,481.33 and the Extraordinary reserve for the remaining 1,751,998.30.

The payment date of the dividend was 24 May 2017 - coupon no. 7 date of 22 May 2017 and record date of 23 May 2017.

Reserves amount to Euro 18,017 thousand and are comprised by:

- the "legal reserve" of Euro 389 thousand, which is Euro 13 thousand higher following the allocation of the profit from 2016;
- the "extraordinary reserve" of Euro 3,151 thousand, which shows a net decrease of Euro 1,752 thousand higher following the distribution of dividends of FY 2016;
- the residual "share premium reserve" of Euro 15,168 thousand which did not change in 2017;
- other negative reserves of Euro 692 thousand for expenses directly recognised under shareholders' equity, relating to costs for share capital increases of Euro 606 thousand, the recognition of the IRS hedging derivative on a loan of Euro 23 thousand and the impact of post-employment benefits under IAS 19 of Euro 63 thousand.

At 31 December 2017, 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
Axxion S.A.	Luxembourg	13,476,237	9.99
Stefano Achermann	Italian	7,771,132	5.76
LOYS Investment S.A.	Luxembourg	6,893,251	5.11
Float		61,655,162	45.71
Total		**134,897,272**	**100.00**

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	389,326	A,B	389,326		
Extraordinary reserve	3,150,723	A,B,C	3,150,723		
Other reserves	(691,435)				
Total	**45,125,926**		**18,708,196**		
Non-allocatable quota			15,557,473		
Residual allocatable quota			3,150,723		

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 2017, the company holds no treasury shares. Note that, on 27 April 2017, an ordinary and extraordinary session of the Shareholders' Meeting of Be, was held, on second call, resolving, among other things, to approve, on the proposal of the Board of Directors, the plan to purchase and sell the Company's ordinary shares, in more than one tranche, on a rotational basis, up to the maximum number permitted by law (at present represented by a number of shares not exceeding 20% of share capital), to be determined also in accordance with the legal and regulatory provisions in force at the time and the share capital in hand at the time of each purchase. The duration of the purchase plan has been set as 18 months from the date of approval of the Shareholders' Meeting.

Note 13.

Financial payables and other non-current financial liabilities

Non-current financial payables of around Euro 12,021 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 31.12.2017	**Balance at 31.12.2016**
Non-current-financial payables to banks	12,020,559	15,609,592
TOTAL	**12,020,559**	**15,609,592**

The medium and long term loans outstanding at 31 December 2017 and relative maturities were as follows:

M/L term loans	Balance at 31.12.2017	<1 year	>1<2 years	>2<3 years	>3<4 years	>4 years
Loans maturing in 2019	3,972,550	2,843,111	1,129,439			
Loans maturing in 2020	8,505,221	3,245,884	3,292,356	1,966,981		
Loans maturing in 2021	7,628,172	2,000,462	2,026,591	2,053,051	1,548,068	
TOTAL LOANS	**20,105,943**	**8,089,457**	**6,448,386**	**4,020,032**	**1,548,068**	**0**

During 2017, Be S.p.A. entered into new loans totalling Euro 8,400 thousand, while the repayments made during the year amount to Euro 11,853 thousand.

Long-term financial payables include the negative impact of the application of the amortising cost and of the fair value of the IRS contract to hedge an increase of the interest rate on a variable interest rate loan granted in 2015, for a total of around Euro 4 thousand.

As regards 2017, the covenants on several loans were respected. Note that the fair value of the above loans is essentially in line with their book value. 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 14.

Provisions for future risks and charges

Provisions for risks and charges recorded the following changes during the year:

Current provisions

	Balance at 31.12.2016	Reclassification	Increases	Decreases	Balance at 31.12.2017
Provision for personnel risks	195,649			(154,571)	41,078
Other provisions for risks and charges	451,023		1,232,000		1,683,023
TOTAL	**646,672**	**0**	**1,232,000**	**(154,571)**	**1,724,101**

Euro 155 thousand of the provision for personnel risk of Euro 41 thousand at 31 December 2017, was used for conciliations with employees during the year.

The residual balance of “Other provisions for risks and charges”, corresponding to Euro 1,683 thousand relates to the longstanding dispute between KS Italia and Be Solutions, for which a provision of Euro 451 thousand has been set in place by the Parent Company. The increase of Euro 1,232 thousand relates to provisions for variable emoluments of executive directors and key partners to be paid for the achievement of the three-year objectives established in the 2017-2019 business plan.

Note 15.

Post-employment benefits

Post-employment benefits (TFR)

	Balance at 31.12.2016	Utilisation	Increases	Actuarial losses (profit) recognised	Balance at 31.12.2017
Post-employment benefits (TFR)	204,517	(32,594)	2,446	(1,269)	173,100
TOTAL	**204,517**	**(32,594)**	**2,446**	**(1,269)**	**173,100**

The decrease of Post-employment benefits (TFR) of Euro 31 thousand is due to:

- the increase due to allocations of Euro 2 thousand;
- utilisation for Post-employment benefits paid of Euro 33 thousand;
- the decrease resulting from the actuarial effect for IAS 19R 2017 purposes of around Euro 1 thousand.

The liability recognised in the financial statements breaks down as follows:

	Balance at 31.12.2017
Present value of the obligation	174,369
Actuarial (loss)/profit recognised under other comprehensive income	(1,269)
Liability recognised in the financial statements	173,100

The cost relating to the liability breaks down as follows:

	FY 2017
Interest expense	2,446
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	1.30%
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:

		changes in assumptions					
Company	*POST-EMPLOYMENT BENEFITS (TFR)*	*turnover rate*		*inflation rate*		*discounting rate*	
		+1%	*-1%*	*+1/4%*	*-1/4%*	*+1/4%*	*-1/4%*
Be S.p.A.	173,100	172,055	174,302	175,606	170,651	169,181	177,187

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	9.8

* 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 2017, broken down by category, is illustrated in the following table:

Description

	Average number current year	**Average number previous year**
Executives	7	6
Middle managers	8	8
White-collar staff	31	28
Apprentices	2	1
Interns	0	1
Total	**48**	**44**

Note 16.

Deferred tax liabilities

Deferred tax liabilities

	Balance at 31.12.2016	**Increases**	**Decreases**	**Reclassification**	**Balance at 31.12.2017**
Deferred tax liabilities	2,745,725	185,269			2,930,994
TOTAL	**2,745,725**	**185,269**	**0**	**0**	**2,930,994**

The nature of deferred tax liabilities is broken down in the table below:

Breakdown of deferred tax liabilities	**2016**		**2017**	
(amounts in EUR thousands)	**Temporary difference**	**Tax**	**Temporary difference**	**Tax**
Goodwill	9,527	2,746	10,170	2,931
TOTAL	**9,527**	**2,746**	**10,170**	**2,931**

During the year, provisions for deferred tax liabilities of Euro 185 thousand were made. The increase is entirely due to 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 2017, deferred tax liabilities were calculated using the rates that are in force in 2017, IRES 24% and IRAP 4.82%. For further details, please refer to note 31.

Note 17.

Other non-current liabilities

Other non-current liabilities

	Balance at 31.12.2017	**Balance at 31.12.2016**
Other non-current liabilities	556,222	5,556,222
TOTAL	**556,222**	**5,556,222**

Other non-current liabilities of Euro 556 thousand refer 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 31.12.2017	**Balance at 31.12.2016**
Financial payables to banks	10,968,988	10,656,610
Financial payables to Group Companies	16,013,550	25,794,226
Other financial payables	32,110	1,349
TOTAL	**27,014,648**	**36,452,185**

Current payables to banks are mainly comprised by Euro 8,089 thousand representing the short-term portion of loans with a medium and long-term maturity, Euro 1,000 thousand relating to the short-term loan from Monte dei Paschi di Siena to be repaid by March, Euro 1,535 thousand in accounts payable to suppliers and Euro 345 thousand in bank advances.

Financial payables to other Group companies amount to Euro 16,014 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.

Other financial payables of Euro 32 thousand refer to interest accrued and not collected on Cash-pooling arrangements and internal reciprocal accounts.

Net Financial Indebtedness

The net financial indebtedness at 31 December 2017 was around Euro 1,235 million compared to around Euro 3,993 million at 31 December 2016; the breakdown is shown below.

For comments on individual items, please refer to the content of notes 10, 11, 13 and 18 above.

Net financial position Be Spa

		31.12.2017	31.12.2016	Δ
	Cash and cash equivalents at bank	14,884,147	25,229,473	(10,345,326)
A	**Cash and cash equivalents**	**14,884,147**	**25,229,473**	**(10,345,326)**
B	**Current financial receivables**	**22,915,779**	**22,839,338**	**76,441**
	Current bank payables	(2,911,642)	(4,193,397)	1,281,755
	Current share of medium/long-term indebtedness	(8,089,456)	(6,463,213)	(1,626,244)
	Other current financial payables	(16,013,550)	(25,795,575)	9,782,025
C	**Current financial indebtedness**	**(27,014,648)**	**(36,452,185)**	**9,437,537**
D	**Current Net Financial Position (A+B+C)**	**10,785,278**	**11,616,626**	**(831,348)**
	Non-current bank payables	(12,020,559)	(15,609,592)	3,589,033
E	**Non-current Net Financial Position**	**(12,020,559)**	**(15,609,592)**	**3,589,033**
F	**Net financial position (D+E)**	**(1,235,281)**	**(3,992,966)**	**2,757,685**

With regard to the table above, note that:

- current financial receivables entirely relate to receivables due from subsidiaries;
- Euro 11,001 thousand of current payables refer to current payables to the banking system, of which Euro 345 thousand for drawdowns of short-term credit facilities in the form of bank advances, Euro 2,535 thousand for drawdowns of short-term credit facilities in the form of accounts payable to suppliers and short-term loans, Euro 32 thousand to interest accrued and not collected and Euro 8,089 thousand relating to the portion of existing medium to long-term loans maturing in the following year;
- other current financial payables include Euro 16,014 thousand in payables to subsidiaries;
- non-current bank payables corresponding to Euro 12,020 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 4 thousand.

The effects of the amendments to international accounting standards IAS 7 made by the publication of the document "Disclosure Initiative (Amendments to IAS 7)".

			Non-monetary flows				
(Amounts in EUR)	**31.12.2016**	**Cash Flow[1]**	**Changes from Extraordinary Transactions[2]**	**Exchange rate differences**	**Fair Value change**	**Other changes**	**31.12.2017**
Non-current financial indebtedness	(15,609,592)	3,589,033					(12,020,559)
Current financial indebtedness	(36,452,185)	4	5,452,950			3,984,582	(27,014,648)
Current financial receivables	22,839,338	76,441					22,915,779
Net liabilities resulting from financing activities	**(29,222,439)**	**3,665,479**	**5,452,950**	**0**	**0**	**3,984,582**	**(16,119,428)**
Cash and cash equivalents	25,229,473	(10,345,388)	62	0	0	0	14,884,147
Net Financial Indebtedness	**(3,992,966)**	**(6,679,909)**	**5,453,012**	**0**	**0**	**3,984,582**	**(1,235,281)**

Note 19.
Trade payables

Trade payables

	Balance at 31.12.2017	Balance at 31.12.2016
Trade payables	377,328	435,423
Payables to Group Companies	627,002	636,105
Payables to other Related Parties	23,992	57,212
TOTAL	**1,028,322**	**1,128,740**

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

Tax payables

	Balance at 31.12.2017	Balance at 31.12.2016
IRAP tax payables	0	0
IRES tax payables	29,480	0
TOTAL	**29,480**	**0**

[1] Flows shown in the Statement of Cash Flows.
[2] For acquisition/disposal transactions, please refer to paragraph 2.13 Business combinations in the reporting period.

At 31 December 2017, the Company's debt towards the Tax Authorities for current taxes relating to IRES was Euro 29 thousand.

Note 21.

Other liabilities and payables

Other liabilities and payables

	Balance at 31.12.2017	Balance at 31.12.2016
Social security and welfare payables	165,661	157,410
Payables to employees	451,154	131,163
Payables for VAT and withholding tax	188,407	216,999
Accrued expenses and deferred income	14,365	11,977
Other payables	6,920,597	1,535,912
Other payables to Group Companies	1,468,416	3,845,408
TOTAL	**9,208,600**	**5,898,869**

Social security and welfare payables relate to contributions that the company will pay to the Tax Authority the following year, while payables to employees include amounts due to employees for the accrued portion of leave and permitted absences accrued but not used and bonuses to employees.

Other payables totalling Euro 6,921 thousand mainly include Euro 5 million relating to the guarantee deposit received in relation to the signature of a Framework agreement with a leading bank, amounts due to the Directors of Euro 1,423 thousand, other payables of Euro 427 thousand relating to variable bonuses to be paid on achievement of the three-year objectives established in the 2017-2019 business plan, and payables for disputes settled of Euro 68 thousand relating to agreements reached with some employees. Other payables to Group Companies of Euro 1,468 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 2017	FY 2016
Revenue from Group Companies	4,875,345	4,343,608
TOTAL	**4,875,345**	**4,343,608**

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 revenue and income

Other revenue and income

	FY 2017	FY 2016
Other revenue and income	151,499	71,080
Other revenue from Group Companies	564,007	461,749
TOTAL	**715,506**	**532,829**

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 2017	FY 2016
Purchase of raw materials and consumables	1,530	3,280
TOTAL	**1,530**	**3,280**

This item mainly contains costs related to the purchase of consumables.

Note 25.
Service costs

Service costs

	FY 2017	FY 2016
Outsourced and consulting services	9,681	35,069
Remuneration of directors and statutory auditors	1,600,771	1,799,941
Marketing costs	145,827	207,962
Cleaning, surveillance and other general services	528,746	469,975
Maintenance and support services	11,007	8,822
Utilities and telephone charges	18,789	25,466
Consulting - administrative services	1,228,366	895,249
Other services (chargebacks, commissions, etc.)	17,854	48,015
Bank and factoring charges	206,239	263,720
Insurance	110,607	112,715
Rental and leasing	67,412	69,721
Cost of services provided by Subsidiaries	749,241	799,545
Cost of services provided by other Related Parties	92,498	109,036
TOTAL	**4,787,038**	**4,845,236**

Service costs amount to Euro 4,787 thousand compared to Euro 4,845 thousand last year.

Fees due to directors and statutory auditors amount to Euro 1,601 thousand, for further details, refer to the specific schedule attached to note 5.8.

Marketing costs amounting to Euro 146 thousand include costs for services relating to Investor Relations.

General services, amounting to Euro 529 thousand, was mostly comprised (Euro 455 thousand) 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 1,228 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 749 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 2017	FY 2016
Wages and salaries	2,383,103	2,008,126
Social security contributions	620,621	611,234
Post-employment benefits	150,011	130,809
Other personnel costs	38,431	116,451
TOTAL	**3,192,166**	**2,866,620**

Personnel costs, amounting to Euro 3,192 thousand represent the total cost incurred for employees, including accessory charges, the allocation to Post-employment benefits (TFR) 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 2017	FY 2016
Other operating costs	147,870	398,870
Costs of related party transactions	13,200	0
TOTAL	**161,070**	**398,870**

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.

Costs of related party transactions refer to the service agreement signed with IR Top and T.I.P. (refer to note 5.4).

Note 28.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs

	FY 2017	FY 2016
Depreciation of property, plant and equipment	1,947	19,159
Amortisation of intangible assets	500	3,566
TOTAL	**2,447**	**22,725**

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 2017	FY 2016
Allocation to other provisions for future risks and charges	1,232,000	0
Impairment losses on current assets	0	140,000
TOTAL	**1,232,000**	**140,000**

In the year under analysis, provisions for future charges were made on the basis of the estimated emolument that may be paid to Executive directors and key partners on the achievement of the three-year objectives established in the 2017-2019 business plan.

Note 30.

Financial income, Financial expense, Write-down of equity investments and shares

Financial income and expense

	FY 2017	FY 2016
Financial income	4,490,569	4,270,699
Financial expense	(412,231)	(518,340)
Revaluation (Write-down) of financial assets	0	(1,200,000)
TOTAL	**4,078,338**	**2,552,359**

The breakdown of financial income and expense is shown below.

Breakdown of financial interest and income

	FY 2017	FY 2016
Interest income from current bank accounts	5,129	3,184
Financial income and Dividends from Group Companies	4,485,440	4,267,515
TOTAL	**4,490,569**	**4,270,699**

Breakdown of financial interest and expense

	FY 2017	FY 2016
Interest expense on current bank accounts	20,393	26,447
Interest expense on factoring and advances on invoices	4,400	0
Interest expense on loans	377,786	410,801
Other financial expense	3,664	4,836
Financial expense from Group Companies	5,988	76,256
TOTAL	**412,231**	**518,340**

The financial income from Group companies refers to dividends distributed by the subsidiary Be Consulting in 2017 of Euro 4,000 thousand, interest income from subsidiaries of Euro 458 thousand, the gain from the allocation plan of A&B SpA in liquidation of Euro 27 thousand and bank interest income of Euro 5 thousand.

Note 31.

Current and deferred taxes

Current and deferred taxes

	FY 2017	FY 2016
Current taxes	1,841,604	1,689,138
Adjustments of IRES taxes for previous years	11,135	(148,961)
Deferred tax assets and liabilities	(846,123)	(434,894)
TOTAL	**1,006,616**	**1,105,283**

Current taxes in 2017 refers to credit for IRES pertinent to the Parent Company resulting from the adjustments related to the Tax Consolidation scheme of Euro 1,842 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). More specifically, Euro 919 thousand is due to the transfer of the tax losses for the year to consolidated results, Euro 907 thousand refers to the transfer of previous tax losses and Euro 16 thousand is income resulting from the transfer of tax expense to the consolidated results.

Note that Euro 11 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 2017 National Tax

Consolidation (2016 income) following a new calculation of taxes due to an erroneous ACE calculated at 31 December 2016.

Deferred tax assets and liabilities refer to the recognition of deferred tax liabilities of Euro 185 thousand and the use of deferred tax assets of Euro 661 thousand.

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	**293**	
Theoretical tax burden (%)	**24%**	**70**
Temporary differences taxable in future years:		
Amortisation of goodwill	(786)	
Temporary differences taxable in future years:	**(786)**	**(189)**
Temporary differences deductible in future years:		
Services not completed at 31.12.2017	1,136	
Non-deductible allocations	712	
Temporary differences deductible in future years:	**1,848**	**444**
Reversal of temporary differences from previous years:		
Services not completed at 31.12.2016	(796)	
Utilisation of other provisions for future risks and charges	(755)	
Reversal of temporary differences from previous years:	**(1,551)**	**(372)**
Differences that will not be reversed in future years:		
Wholly or partially non-deductible costs	376	
Permanent decreases	(4,008)	
Differences that will not be reversed in future years:	**(3,632)**	**(872)**
- Taxable income	**(3,828)**	**(919)**
Indemnity for tax losses		**1,826**
Charge for transferring interest expense		**16**
Adjustments on previous years' taxes		**11**
Current IRES on income for the year		**(1,853)**

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

(amounts in EUR thousand)

Description	Amount	Taxes
Difference between value and cost of production	(3,785)	
Costs not relevant for IRAP purposes	4,386	
Deductible personnel costs	(2,904)	
	(2,303)	
- Theoretical tax burden (%)	**4.15%**	**(96)**
Reversal of temporary differences from previous years:		
Increases	1,670	
Decreases	(786)	
Reversal of temporary differences from previous years:	**884**	**37**
- Taxable income for IRAP purposes	**(1,419)**	
Current IRAP on income for the year		**0**

The effective rate of the theoretical tax burden of 4.15% 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.	1,099	9,172	1,331	720	1,436	13,758
TOTAL	**1,099**	**9,172**	**1,331**	**720**	**1,436**	**13,758**

The nature of deferred tax assets is mainly broken down in the table below:

	FY 2016		FY 2017	
	Temporary difference	**Tax**	**Temporary difference**	**Tax**
Previous tax losses	17,649	4,235	13,758	3,302
Remuneration of directors			616	148
Allocation to provisions for future risks and charges			520	125
TOTAL	**17,649**	**4,235**	**14,894**	**3,575**

Furthermore, note that in 2017, 80% of the taxable income accrued under the tax consolidation scheme, amounting to Euro 3,778 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 492 thousand, considered sufficient to cover liabilities that could arise from these disputes.

With regard to the dispute with Bassilichi (formerly Saped 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 2017, the company has guarantees made to third parties to guarantee property rental contracts, or to meet the requirements of public tenders totalling Euro 362 thousand, 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). Note that the Be's Board of Directors has approved a new version of the procedure for transactions with the Company's related parties. The Procedure was changed in order to reflect some changes made by Consob to the Regulation for Related Party Transactions (approved on 22 March 2017) in order to align domestic legislation with that envisaged by the "Market Abuse Regulation".

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.

The Be Group's related parties with which economic and equity transactions were recognised at 31 December 2017 are: T.I.P. Tamburi Investment Partners S.p.A., IR Top S.r.l..

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 substantially refer only to fees paid for the positions of Executive and 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.

The figures at 31 December 2017 for related party transactions are shown below.

Receivables and payables with related parties at 31 December 2017

		Receivables			*Payables*	
	Trade receivables	**Other receivables**	**Financial receivables**	**Trade payables**	**Other payables**	**Financial payables**
Be Consulting S.p.A.	2,262,352	9,546,004		169,831		9,059,523
Be Solutions S.p.A.	1,616,581		19,210,046	457,172	1,468,416	
Iquii Srl		100,347	539,246			
Be Poland						322,695
i-Be Ltd-Italian Branch	15,000	68,052				3,926,235
i Be Think Solve Execute Ltd			2,486,388			
Targit GmbH Wien						1,341,285
Be TSE Switzerland						2,546
Be Think, Solve Execute GmbH						1,361,266
Be Sport LTD			680,099			
Total Group Companies	**3,893,933**	**9,714,403**	**22,915,779**	**627,003**	**1,468,416**	**16,013,550**
T.I.P. S.p.A.				18,450		
Ir Top S.r.l.				5,542		
Total Other Related Parties				**23,992**		
TOTAL	**3,893,933**	**9,714,403**	**22,915,779**	**650,995**	**1,468,416**	**16,013,550**

Receivables and payables with related parties at 31 December 2016

	Receivables			*Payables*		
	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 Think Solve Execute Ltd			1,625,840			
Be Ukraine						
Targit						6,231,300
Be Romania						
Be Sport LTD			682,854			
Total Group Companies	**2,070,670**	**10,323,447**	**22,839,338**	**636,105**	**3,845,408**	**25,794,226**
T.I.P. S.p.A.				36,750		
Ir Top S.r.l.				20,462		
Total Other Related Parties	**0**	**0**	**0**	**57,212**	**0**	**0**
TOTAL	**2,070,670**	**10,323,447**	**22,839,338**	**693,317**	**3,845,408**	**25,794,226**

Revenue and costs with related parties in 2017

	Revenue			*Costs*		
	Revenue	**Other revenue**	**Financial income**	**Services**	**Other costs**	**Financial expense**
Be Consulting S.p.A.	2,909,878	64,407	1,685	172,727		
Be Solutions S.p.A.	1,965,467	471,241	281,642	576,514		
Iquii Srl		13,359	3,721			
Be Poland						5,941
i Be Ltd-Italian Branch		15,000	6,612			
i Be Think Solve Execute Ltd			97,223			
Targit GmbH Wien			8,979			
Be TSE Switzerland						47
Be Think, Solve Execute GmbH			32,278			
Be Sport LTD			25,671			
Total Group Companies	**4,875,345**	**564,007**	**457,811**	**749,241**		**5,988**
T.I.P. S.p.A.				60,000	13,200	
Ir Top S.r.l.				32,498		
Total Other Related Parties				**92,498**	**13,200**	
TOTAL	**4,875,345**	**564,007**	**457,811**	**841,739**	**13,200**	**5,988**

Revenue and costs with related parties in 2016

	Revenue	Revenue	Revenue	Costs	Costs	Costs
	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			
Total Group Companies	**4,343,608**	**461,749**	**767,515**	**799,545**	**0**	**76,256**
T.I.P. S.p.A.				60,000		
Ir Top S.r.l.				49,036		
Total Other Related Parties				**109,036**		
TOTAL	**4,343,608**	**461,749**	**767,515**	**908,581**	**0**	**76,256**

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 2017, 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 2017 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).

STATEMENT OF FINANCIAL POSITION	2017	Absolute value	%	2016	Absolute value	%
Trade receivables	4,612	*3,894*	84%	2,663	*2,071*	78%
Other assets and receivables	10,052	*9,714*	97%	10,408	*10,323*	99%
Financial receivables and other current financial assets	22,916	*22,916*	100%	22,839	*22,839*	100%
Cash and cash equivalents	14,884	*0*	0%	25,229	*0*	0%
Financial payables and other financial liabilities	39,036	*16,014*	41%	52,062	*25,794*	50%
Trade payables	1,028	*651*	63%	1,129	*693*	61%
Other liabilities and payables	9,209	*1,468*	16%	5,899	*3,845*	65%
INCOME STATEMENT	**2017**	**Absolute value**	**%**	**2016**	**Absolute value**	**%**
Revenue	4,875	*4,875*	100%	4,344	*4,344*	100%
Other operating revenue	716	*564*	79%	533	*462*	87%
Service costs	4,787	*842*	17%	4,845	*909*	19%
Other operating costs	161	*13*	8%	399	*0*	0%
Net financial expense	4,078	*452*	11%	3,820	*691*	18%

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

Amounts in EUR	**31.12.2017**	**of which related parties**	**31.12.2016**	**of which related parties**
NON-CURRENT ASSETS				
Property, plant and equipment	4,137		8,444	
Goodwill	10,170,000		10,170,000	
Intangible assets	1,000		0	
Equity investments in subsidiaries	34,198,964		39,081,250	
Loans and other non-current assets	562,222		556,222	
Deferred tax assets	3,664,329		4,253,725	
Total non-current assets	**48,600,652**		**54,069,641**	**0**
CURRENT ASSETS				
Trade receivables	4,612,418	3,893,933	2,663,316	2,070,670
Other assets and receivables	10,051,837	9,714,403	10,408,221	10,323,447
Direct tax receivables	46,673		131,488	
Financial receivables and other current financial assets	22,915,779	22,915,779	22,839,338	22,839,338
Cash and cash equivalents	14,884,147		25,229,473	
Total current assets	**52,510,854**	**36,524,115**	**61,271,836**	**35,233,455**
Total discontinued operations	**0**	**0**	**0**	**0**
TOTAL ASSETS	**101,111,506**		**115,341,477**	
SHAREHOLDERS' EQUITY				
Share capital	27,109,165		27,109,165	
Reserves	18,016,761		19,732,441	
Net profit (loss)	1,299,554		257,349	
TOTAL SHAREHOLDERS' EQUITY	**46,425,480**	**0**	**47,098,955**	**0**
NON-CURRENT LIABILITIES				
Financial payables and other non-current financial liabilities	12,020,559		15,609,592	
Provisions for future risks and charges	1,724,101		646,672	
Post-employment benefits (TFR)	173,100		204,517	
Deferred tax liabilities	2,930,994		2,745,725	
Other non-current liabilities	556,222		5,556,222	
Total Non-current liabilities	**17,404,976**	**0**	**24,762,728**	**0**
CURRENT LIABILITIES				
Financial payables and other current financial liabilities	27,014,648	16,013,550	36,452,185	25,794,226
Trade payables	1,028,322	650,995	1,128,740	693,317
Tax payables	29,480		0	
Other liabilities and payables	9,208,600	1,468,416	5,898,869	3,845,408
Total Current liabilities	**37,281,050**	**18,132,961**	**43,479,793**	**30,332,951**
Total discontinued operations	0	**0**	0	**0**
TOTAL LIABILITIES	**54,686,026**	**18,132,961**	**68,242,522**	**30,332,951**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**101,111,506**	**0**	**115,341,477**	**0**

Income Statement

Amounts in EUR	FY 2017	of which related parties	of which non-recurring income (charges)	FY 2016	of which related parties	of which non-recurring income (charges)
Operating revenue	4,875,345	4,875,345		4,343,608	4,343,608	
Other revenue and income	715,506	564,007		532,829	461,749	
Total Operating revenue	**5,590,851**	**5,439,352**		**4,876,436**	**4,805,357**	
Raw materials and consumables	(1,530)			(3,280)		
Service costs	(4,787,038)	(841,739)		(4,845,236)	(908,581)	
Personnel costs	(3,192,166)			(2,866,620)		
Other operating costs	(161,070)	(13,200)		(398,870)		
Amortisation, depreciation and write-downs:						
Depreciation of property, plant and equipment	(1,947)			(19,159)		
Amortisation of intangible assets	(500)			(3,566)		
Impairment loss				(140,000)		
Allocations to provisions	(1,232,000)			0		
Total Operating Costs	**(9,376,251)**	**(854,939)**		**(8,276,730)**	**(908,581)**	
Operating Profit (Loss) (EBIT)	**(3,785,400)**	**4,584,413**		**(3,400,293)**	**3,896,776**	
Financial income	4,490,569	457,811	0	4,270,699	767,514	
Financial expense	(412,231)	(5,988)		(518,340)	(76,256)	
Write-down of financial assets	0			(1,200,000)		
Total Financial Income/Expense	**4,078,338**	**451,823**		**2,552,359**	**691,258**	
Profit (loss) before tax	**292,938**	**4,132,590**		**(847,934)**	**4,588,034**	
Current income taxes	1,852,739			1,540,177		
Deferred tax assets and liabilities	(846,123)			(434,894)		
Total Income taxes	**1,006,616**	**0**		**1,105,283**	**0**	
Net profit (loss) from continuing operations	**1,299,554**	**4,132,590**		**257,349**	**4,588,034**	
Net profit (loss) from discontinued operations				0		
Net profit (loss)	**1,299,554**	**0**		**257,349**	**0**	

Statement of Cash Flows

Amounts in EUR	2017	of which related parties	2016	of which related parties
Net profit (loss)	1,299,554		257,349	
Amortisation, depreciation and write-downs	2,447		22,725	
Non-monetary changes in post-employment benefits (TFR)	2,446		45,905	
Net financial expense in the income statement	(4,078,338)	5,988	(3,752,359)	76,256
Taxes for the year	(1,852,739)		(1,540,177)	
Deferred tax assets and liabilities	846,123		434,894	
Losses on current assets and provisions	1,232,000		1,340,000	
Other non-monetary changes	924		3,645	
Cash flow from operating activities	**(2,547,583)**	**5,988**	**(3,188,018)**	**76,256**
Change in trade receivables	(1,832,707)	1,823,263	(1,177,225)	1,221,087
Change in trade payables	(100,418)	(42,322)	201,970	79,356
Use of bad debt provisions	(154,572)		(1,148,522)	
Other changes in current assets and liabilities	537,148	1,767,948	1,190,662	1,403,118
Taxes for the year paid	(73,177)		0	
Post-employment benefits paid	(32,594)		0	
Other changes in non-current assets and liabilities	(77,762)		(10,651)	
Change in net working capital	**(1,734,081)**	**3,548,889**	**(943,766)**	**2,703,562**
Cash flow from (used in) operating activities	**(4,281,664)**	**3,548,889**	**(4,131,784)**	**2,779,818**
(Purchase) of property, plant and equipment net of disposals	2,360		(468)	
(Purchase) of intangible assets net of disposals	(1,500)		0	
Cash paid for purchase of share pertaining to third parties	0		0	
Cash flow from (used in) investing activities	**860**		**(468)**	
Change in current financial assets	(76,441)	76,441	2,712,707	(4,069,792)
Change in current financial liabilities	(4)	(9,780,676)	7,696,003	60,589
Change in non-current financial assets/liabilities	(3,589,034)		7,205,096	
Financial expense paid	(402,564)	5,988	(556,303)	76,256
Distribution of dividends paid to Company shareholders	(1,996,480)		(1,500,000)	
Cash paid to purchase equity investment	0		(220.00)	
Cash flow from (used in) financing activities	**(6,064,523)**	**(9,698,247)**	**15,337,503**	**(3,932,946)**
Cash flow from (used in) discontinued operations	**0**		0	
Cash and cash equivalents	**(10,345,326)**		**11,205,251**	
Net cash and cash equivalents - opening balance	25,229,473		14,024,222	
Net cash and cash equivalents - closing balance	14,884,147		25,229,473	
Net increase (decrease) in cash and cash equivalents	**(10,345,326)**		**11,205,251**	

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 and unfavourable 1% change in the interest rate, even considering the hedge in place, applicable to existing loans at 31 December 2017 would result in a pre-tax expense of Euro 153 thousand for the year.

5.6 Positions deriving from atypical or unusual transactions

In 2017, 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	126,259
Total fees	**126,259**

The fees due to the Independent auditors in 2017 totalled Euro 126 thousand (Euro 85 thousand last year), of which Euro 26 thousand refer to the limited audit of the "Non-financial declaration at 31.12.2017".

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	End of term in office	Fixed fees	Fees for committee attendance	Var. non-equity fees	Total
Amounts in EUR thousands						*Bonuses/ incentives*	
Antonio Taverna	Chairman	01/01/2017 - 27/04/2017	Approval of Financial statements at 31/12/2016	32.88			32.88
Stefano Achermann	Chief Executive Officer	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	1,000.00(1)		304.21	1,304.21
Carlo Achermann	Executive Chairman	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	600.00(2)		199.27	799.27
Claudio Berretti	Non-Executive Director	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	20.00			20.00
Bernardo Attolico	Non-Executive Director	01/01/2017 - 27/04/2017	Approval of Financial statements at 31/12/2016	6.58			6.58
Umberto Quilici	Non-Executive Director Independent Director	01/01/2017 - 19/07/2017	Approval of Financial statements at 31/12/2019	10.90	3.29(3)		14.19
Cristina Spagna	Non-Executive Director Independent Director	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	20.00	10.00(4)		30.00
Alberto Mocchi	Non-Executive Director Independent Director	19/07/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	9.10			9.10
Davide Dattoli	Non-Executive Director Independent Director	27/04/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	13.42			13.42
Gianluca Antonio Ferrari	Non-Executive Director Independent Director	27/04/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	13.42			13.42
Paola Annunziata Lucia Tagliavini	Non-Executive Director Independent Director	27/04/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	13.42	6.71(3)		20.13
Anna Lambiase	Non-Executive Director	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2019	20.00			20.00
Anna Zattoni	Non-Executive Director Independent Director	01/01/2017 - 27/04/2017	Approval of Financial statements at 31/12/2016	6.58			6.58
Giuseppe Leoni	Chairman Board of Statutory Auditors	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2017	22.50			22.50
Stefano De Angelis	Standing Auditor	01/01/2017 - 31/12/2017	Approval of Financial statements at 31/12/2017	15.00			15.00
Rosita Francesca Natta	Standing Auditor	01/01/2017 - 31/12/2017	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 450,000.00 for the position of Chief Executive Officer and General Manager of subsidiaries

(2) Gross remuneration for the position of Executive Chairman of which Euro 250,000.00 for the position of Executive Director 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 2017

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 31.12.2016	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2017
Antonio Taverna	Chairman	Be S.p.A.				
Stefano Achermann	Chief Executive Officer	Be S.p.A.	21,290,397(1)			21,290,397(1)
Carlo Achermann	Executive Chairman	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(2)			
Alberto Mocchi	Non-Executive Director Independent Director	Be S.p.A.				
Davide Dattoli	Non-Executive Director Independent Director	Be S.p.A.				
Gianluca Antonio Ferrari	Non-Executive Director Independent Director	Be S.p.A.	104,166			104,166
Paola Annunziata Lucia Tagliavini	Non-Executive Director Independent Director	Be S.p.A.				
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.				

(1) *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*

(2) *Held by spouse Mrs Paola Croce Casalena.*

Milan, 15 March 2018.

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

Certification of 2017 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 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 2017.

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, 15 March 2018.

/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 E DELL'ART. 2429 C.C.

All'Assemblea degli Azionisti di Be Think, Solve, Excute S.p.A..

Nel corso dell'esercizio chiuso al 31 dicembre 2017 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.

Con 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 recepito i risultati delle verifiche trimestrali sulla corretta tenuta della contabilità svolte dalla società incaricata della revisione legale dei conti;
- di aver ricevuto dalla Società di revisione la Relazione prevista dall'art. 14 del D.Lgs n. 39/2010, in particolare, di aver constatato il recepimento nella Relazione stessa delle novità introdotte dal D.Lgs 135/2016 circa l'obbligo di fornire una serie di informazioni aggiuntive;
- di aver ricevuto dalla Società di revisione la Relazione di cui all'art. 11 del Regolamento europeo 537/2014, dalla quale non sono emerse questioni significative da segnalare;
- di aver effettuato, ai sensi dell'art. 19 del D.Lgs. n. 39/2010 in qualità di Comitato per il controllo interno e la revisione contabile, l'attività di vigilanza ivi prevista con riferimento a: a) informare l'organo di amministrazione dell'esito della revisione legale e trasmettere a tale organo la Relazione aggiuntiva di cui all'articolo 11 del Regolamento europeo; b) monitorare il processo di informativa finanziaria e presentare le eventuali raccomandazioni o le proposte volte a garantirne l'integrità; c) controllare l'efficacia dei sistemi di controllo interno della qualità e di gestione del rischio dell'impresa e della revisione interna, per quanto attiene l'informativa finanziaria dell'ente sottoposto a revisione, senza violarne l'indipendenza; d) monitorare la revisione legale del bilancio d'esercizio e del bilancio consolidato, anche tenendo conto di eventuali risultati e conclusioni dei controlli di qualità svolti dalla Consob a norma dell'articolo 26, paragrafo 6, del Regolamento europeo, ove disponibili; e) verificare e monitorare l'indipendenza della Società di revisione legale a norma degli articoli 10, 10-bis, 10-ter, 10-quater e 17 del D. Lgs. 39/2010 e dell'articolo 6 del Regolamento europeo, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione resi all'ente sottoposto a revisione, conformemente all'articolo 5 di tale regolamento; f) essere responsabile della procedura volta alla selezione delle società di Revisione legale e raccomandare le imprese di revisione legale da designare ai sensi dell'articolo 16 del Regolamento europeo;

- 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 sull'attività svolta dall'Organismo di vigilanza mediante incontri con i suoi componenti e di aver monitorato il 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, comma 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 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 degli attivi a vita utile indefinita e delle partecipazioni iscritte a bilancio assoggettabili a tale procedura;
- 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 ed ai regolamenti vigenti e la sua coerenza con le deliberazioni del Consiglio di Amministrazione;
- di aver valutato positivamente l'adeguatezza di tutte le procedure, i processi e le strutture che hanno curato la produzione, la rendicontazione e la rappresentazione dei risultati e delle informazioni di carattere non finanziario di cui al D.lgs 30 dicembre 2016 n. 254,
- di aver effettuato un controllo di legittimità sulla Dichiarazione Consolidata di carattere Non Finanziario redatta ai sensi del richiamato D.Lgs 254/2016 relativamente alla quale si esprime parere favorevole e sempre relativamente alla

quale la Società di revisione ha emesso un'attestazione senza rilievi circa la conformità delle informazioni non finanziarie alle norme di legge ed ai principi di rendicontazione utilizzati;

– 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, costatando 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 precisando che i rapporti medesimi sono avvenuti a normali condizioni di mercato, tenuto anche conto della qualità e della specificità dei servizi prestati.
- La società incaricata della revisione legale dei conti Deloitte & Touche S.p.A. ha emesso 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 2017, 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 2017, la Società ha conferito a Deloitte l'incarico -ulteriore rispetto alle prestazioni di servizi di revisione legale dei conti- di esprimere l'attestazione prevista dal richiamato D.Lgs 254/2016 sulla conformità della Dichiarazione non finanziaria per un corrispettivo di € 25.000 per l'anno 2017 e di € 15.000 annui per il successivo triennio 2018/2020. Le Società controllate da Be Think, Solve, Execute SpA, nel corso del 2017 non hanno conferito incarichi a Deloitte o a società appartenenti alla sua rete. In relazione alle previsioni introdotte dal D.Lgs 135/2016 in adesione al Regolamento UE 537/2014 sul tema il Collegio sindacale, nel corso dell'esercizio, ha provveduto alla preventiva analisi ed eventuale autorizzazione di ogni incarico conferito dalla Società e dalle sue controllate a Deloitte o a società della sua rete. I corrispettivi dei richiamati incarichi risultano adeguati alla dimensione ed alla complessità dell'attività svolta e non appaiono, in ogni caso, idonei ad incidere sull'indipendenza e sull'autonomia dei revisori nello svolgimento delle proprie funzioni di revisione legale dei conti.
- Nel corso dell'esercizio in esame, abbiamo rilasciato pareri ai sensi dell'art. 2389 Cod. Civ..

- Nel corso dell'esercizio 2017, si sono tenute n. 10 riunioni del Consiglio di amministrazione, n. 8 riunioni del Comitato per il Controllo e Rischi, n. 5 riunioni del Comitato per le Nomine e la Remunerazione; nel corso del medesimo esercizio, il Collegio Sindacale si è riunito n. 10 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 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 2017 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 e implementato un "Modello Organizzativo" di comportamento e regolamentazione dell'attività predisponendo periodici aggiornamenti e provvedendo alla costituzione dell'Organismo di Vigilanza richiesto dalla normativa. La Società ha inoltre adottato un Codice Etico di comportamento.

- La nostra attività di vigilanza si é svolta nel corso dell'esercizio 2017 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 2017 alla sua approvazione e alle materie di nostra competenza, così come nulla abbiamo da osservare sulla proposta di destinazione dell'utile di esercizio e di distribuzione di un dividendo formulata dal Consiglio di Amministrazione.

Vi ricordiamo, infine, che con l'approvazione del bilancio al 31 dicembre 2017 viene a scadere il nostro mandato e, ringraziandovi per la fiducia accordataci, vi invitiamo a procedere alle nuove nomine.

Milano, 30.marzo 2018

IL COLLEGIO SINDACALE

Dott. Giuseppe Leoni – Presidente del Collegio Sindacale

Dott. Stefano De Angelis – Sindaco Effettivo

Dott.ssa Rosita Natta – Sindaco Effettivo

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

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

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Be Think, Solve, Execute S.p.A. (la Società), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2017, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note esplicative che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2017, 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.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Impairment test dell'avviamento e delle partecipazioni

Descrizione dell'aspetto chiave della revisione

La Società iscrive nel bilancio al 31 dicembre 2017 un avviamento per Euro 10,2 milioni allocato sulla CGU Business Consulting. Tale avviamento non è ammortizzato, ma, come previsto dal principio contabile IAS 36, è sottoposto a impairment test almeno annualmente mediante confronto tra il valore recuperabile della CGU - determinato secondo la metodologia del valore in uso - e il suo valore contabile che tiene conto dell'avviamento e delle altre attività allocate alla CGU.

Inoltre la Società detiene partecipazioni in società controllate per complessivi Euro 34,2 milioni che, in considerazione della rilevanza delle stesse sulla situazione patrimoniale e finanziaria della Società, sono parimenti assoggettate a test di impairment secondo la metodologia del valore in uso.

La determinazione del valore recuperabile della CGU e delle partecipazioni è basata su stime e assunzioni effettuate dalla Direzione riguardanti, tra l'altro, la previsione dei flussi di cassa attesi, la determinazione di un appropriato tasso di attualizzazione (WACC) e della crescita di lungo periodo (g-rate).

In considerazione della rilevanza dell'ammontare dell'avviamento e delle partecipazioni iscritti e della soggettività delle stime delle principali assunzioni attinenti la determinazione dei flussi di cassa della CGU e delle partecipazioni e delle variabili chiave del modello di impairment, abbiamo considerato gli impairment test un aspetto chiave della revisione del Bilancio d'esercizio della Società.

Le Note 2 e 4 del bilancio d'esercizio riportano l'informativa in merito alle voci in oggetto e al test di impairment.

Procedure di revisione svolte

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure anche avvalendoci del supporto di esperti:

- esame delle modalità usate dalla Direzione per la determinazione del valore d'uso della CGU Consulting e delle partecipazioni oggetto di impairment test, analizzando i metodi e le assunzioni utilizzati dalla Direzione a tale fine;
- rilevazione e comprensione dei controlli rilevanti posti in essere dalla Società sul processo di effettuazione dell'impairment test;
- ottenimento di informazioni dalla Direzione e analisi di ragionevolezza sulle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa;
- analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;
- verifica della corretta determinazione del valore contabile della CGU Consulting;
- verifica dell'accuratezza matematica del modello utilizzato per la determinazione del valore in uso della CGU e delle partecipazioni oggetto del test di impairment;
- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);
- verifica della sensitivity analysis predisposta dalla Direzione.

Abbiamo infine esaminato l'adeguatezza dell'informativa fornita dalla Società sull'impairment test e la conformità a quanto previsto dallo IAS 36.

Responsabilità degli Amministratori e del Collegio Sindacale 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 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti della Be Think, Solve, Execute S.p.A. ci ha conferito in data 10 maggio 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Legale, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Be Think, Solve, Execute S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Be Think, Solve, Execute S.p.A. al 31 dicembre 2017, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio d'esercizio della Be Think, Solve, Execute S.p.A. al 31 dicembre 2017 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella 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 2017 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Stefano Marnati
Socio

Milano, 30 marzo 2018